

Baker Market Update

Week In Review

April 04, 2025



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UPCOMING EVENTS

2025 Destination Seminar

Austin, TX
May 8–9, 2025

Banks

Webinars:

Q2 Investment Strategies
Apr 9, 2025

Seminars:

KS Seminar
May 22, 2025

IA Seminar
Jun 17, 2025

NE Seminar
Jun 18, 2025

ND Seminar
Jul 15, 2025

WI Seminar
Jul 24, 2025

IL Seminar
Aug 04, 2025

OH Seminar
Oct 01, 2025

CUs

Webinars:

Q2 Strategies
Apr 10, 2025

Banks and CUs

Schools:

ALM School
Apr 24–25, 2025

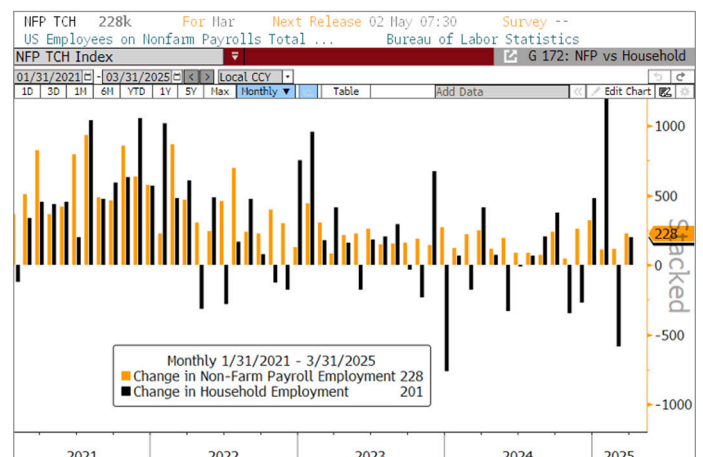
What a whirlwind of a week we have had so far! This week was full of economic data, tariffs, news headlines and big swings in both the stock and treasury markets. The Dow Jones fell over 1500 points this morning, extending losses that began after President Trump's "Liberation Day". The treasury market has also seen yields tumble as the 10-Year Treasury fell below 4.00% this morning, currently sitting at 3.89%, for the first time since October 2024. News from the labor market with the JOLTS Report, ADP Employment and today's Non-Farm Payrolls/Unemployment Rate report in conjunction with data on ISM Manufacturing and ISM Services have helped push stocks and treasury yields down even further. We are also on the precipice of the NCAA March Madness Final Four, which features all #1 seeds in the tournament. The last time this happened was... 2008... Let's hope the economy turns out different this time!

Of course, the big news this week came on Wednesday afternoon, as President Trump and his administration announced their tariff plan. The following morning, financial markets across the world reacted and the U.S. stock market ultimately took the worst of it as the Dow Jones Industrial Average fell more than 1600 points in a single day. This was the largest single day decline since March 2020. Stay tuned as the Dow Jones is already trying to break that record again today. The Dollar took a hit as well, falling 1.3%, which is the sharpest decline in almost 2 years. Treasury yields also felt the impact of the tariff news. Yields were down across the board this week, as the 2-Year Treasury fell by 31bp and the 10-Year Treasury fell by 26bp. China announced retaliatory tariffs of 34% on all imported goods from the U.S., which sent stocks reeling even further this morning.

Bond yields and the stock market continued their declines this morning, despite a relatively strong jobs report that showed the economy added more jobs than expected and the unemployment rate rose as more people reentered the labor force. The March non-farm payrolls increased by 228k versus as estimate of 140k. The gains in the non-farm payroll figure were relatively broad-based, with health care & social assistance (+78k) and leisure & hospitality (+43k) leading the charge. The previous two months were revised lower by a combined 48k. The unemployment rate rose for the second consecutive month to 4.2% versus the estimate of 4.1% as more people reentered the labor force, raising the labor force participation rate to 62.5%.

The Federal Funds Futures Market is currently pricing in a full rate cut at the June meeting, and just over 4 by the end of 2025. Today's strong jobs report could make rate cuts more difficult, as it would take a further deterioration in the labor market before the FOMC would decide on a cut in their target rate. There is still a lot of data to come in and digest before the FOMC's next meeting in May, including another jobs report, March CPI and PCE and Q1 2025 GDP. At the end of this month, the U.S. Bureau of Economic Analysis (BEA) will release their first print on GDP for Q1 2025. The Atlanta Fed's GDP Now model is currently estimating a print of -2.8%, driven by a downturn in growth projections and consumer spending.

Next week brings an updated print on Wholesale Inventories, CPI, PPI and the University of Michigan Consumer Sentiment Survey. It also brings an amazing week in sports as the NCAA Basketball National Championship will finish on Monday and the Masters begins on Thursday. Have a wonderful weekend everybody!

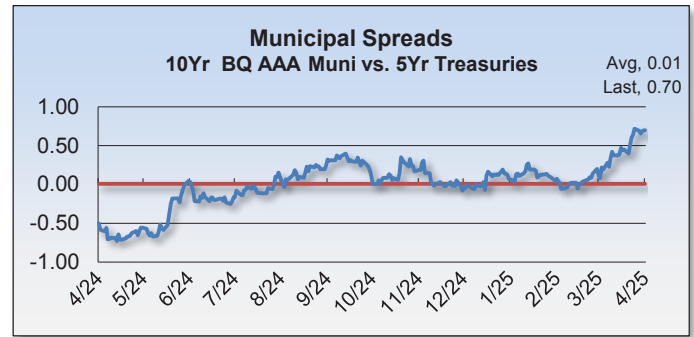
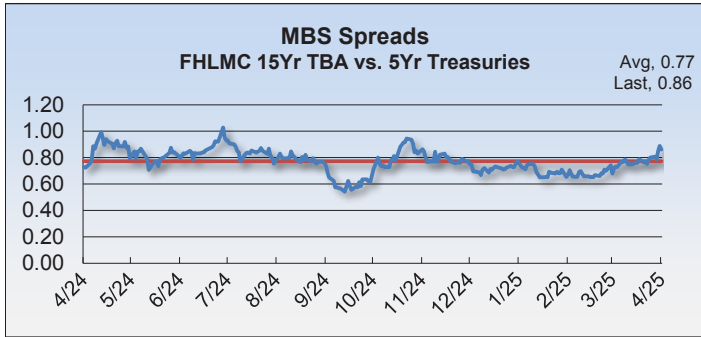
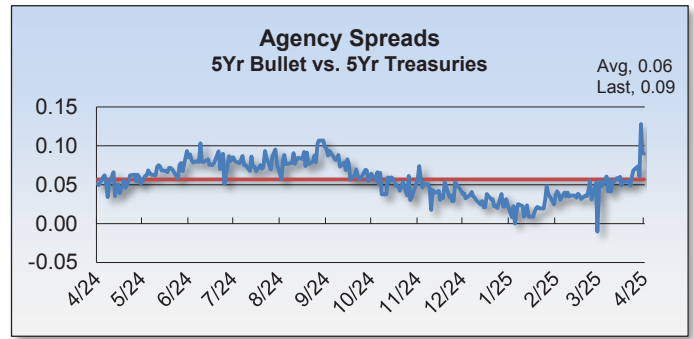
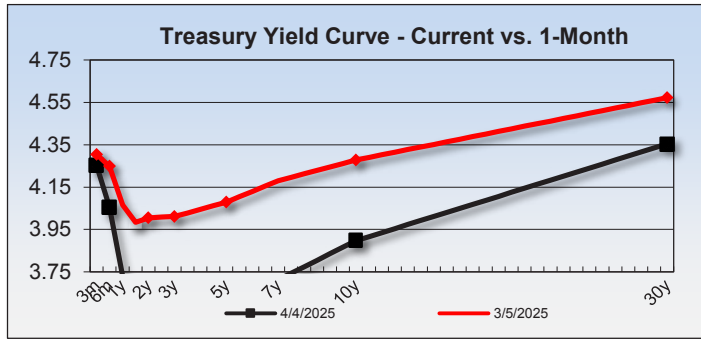


Source: Bloomberg, L.P.

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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Agency Calls - Euro					
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr	
3mo	4.25	(0.04)	4.29	4.62	5.36	2yr	3.53	3.35	3.54	3.77	3.85	2Yr					
6mo	4.06	(0.16)	4.25	4.45	5.30	3yr	3.51	3.27	3.60	3.83	3.83	3Yr					
1yr	3.73	(0.31)	4.07	4.18	5.01	5yr	3.58	3.29	3.77	4.01	3.91	5Yr					
2yr	3.52	(0.39)	3.99	3.92	4.65	7yr	3.72	3.36	3.98	4.23	4.15	7Yr					
3yr	3.50	(0.40)	3.99	3.83	4.53	10yr	3.91	3.46	4.33	4.60	4.44	10Yr					
5yr	3.58	(0.40)	4.05	3.81	4.30	15yr	4.37	3.60	4.82	5.13	4.58		May TBA MBS				
7yr	3.71	(0.40)	4.15	3.87	4.31	20yr	4.58	3.65	5.45	5.80	5.11	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	3.90	(0.35)	4.25	3.97	4.31	25yr	4.79	3.62	5.57	5.93	5.17	3.00	4.45	4.8y	4.80		
30yr	4.35	(0.28)	4.54	4.25	4.48	30yr		3.56	5.70	6.06	5.23	3.50	4.31	4.7y			
												4.00	4.36	4.7y	4.84	9.0y	
												4.50	4.48	5.1y	4.98	9.2y	
												5.00			5.15	8.2y	
												5.50			5.32	6.2y	

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	4.50	--	4.50	5.00	5.50
Primary Discount	4.50	--	4.50	5.00	5.50
2ndary Discount	5.00	--	5.00	5.50	6.00
Prime Rate	7.50	--	7.50	8.00	8.50
Sec. O.N. Finance	4.39	0.03	4.33	4.85	--
1 Month LIBOR	4.96	(0.01)	5.31	5.44	5.43
3 Month LIBOR	4.85	(0.08)	5.28	5.56	5.66
6 Month LIBOR	4.68	(0.08)	5.14	5.65	5.90
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	4.11	(0.19)	4.24	4.44	5.29
1 Year CMT	3.92	(0.18)	4.06	4.02	5.03
REPO O/N	4.46	--	4.37	4.89	5.37
REPO 1Wk	4.36	(0.00)	4.36	4.87	5.38
CoF Federal	3.666	--	3.673	3.988	3.889
11th D. CoF (Feb)	2.937	--	2.944	3.259	3.160

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	4.44	4.50	4.48
6mo	4.27	4.36	4.39
1yr	3.92	4.09	4.17
2yr	3.68	3.94	3.97
3yr	3.68	3.92	3.94
4yr	3.74	3.98	3.98
5yr	3.79	4.01	4.00
7yr	4.04	4.27	4.23
10yr	4.32	4.53	4.46
5yr Am	4.15		4.03
10yr Am	4.21		4.28

Fed Fund Futures		
Maturity	Rate	
Apr-25	4.313	
May-25	4.230	
Jun-25	4.110	
Jul-25	3.945	
Aug-25	3.705	
Sep-25	3.620	
Oct-25	3.495	
Nov-25	3.360	
Dec-25	3.250	
Jan-26	3.200	
Feb-26	3.125	

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
3/31	MNI Chicago PMI	Mar	45.0	47.6	45.5	--
3/31	Dallas Fed Manf. Activity	Mar	-5.0	-16.3	-8.3	--
4/1	S&P Global US Manufacturing PMI	Mar F	49.9	50.2	49.8	--
4/1	JOLTS Job Openings	Feb	7658k	7568k	7740k	7762k
4/1	ISM Manufacturing	Mar	49.5	49.0	50.3	--
4/1	ISM Prices Paid	Mar	64.6	69.4	62.4	--
4/1	ISM New Orders	Mar	48.2	45.2	48.6	--
4/1	ISM Employment	Mar	47.3	44.7	47.6	--
4/1	Wards Total Vehicle Sales	Mar	16.20m	17.77m	16.00m	--
4/2	ADP Employment Change	Mar	120k	155k	77k	84k
4/2	Factory Orders	Feb	0.5%	0.6%	1.7%	1.8%
4/2	Durable Goods Orders	Feb F	0.9%	1.0%	0.9%	--
4/2	Durables Ex Transportation	Feb F	0.7%	0.7%	0.7%	--
4/2	Cap Goods Orders Nondef Ex Air	Feb F	-0.2%	-0.2%	-0.3%	--
4/2	Cap Goods Ship Nondef Ex Air	Feb F	0.8%	0.8%	0.9%	--
4/3	Challenger Job Cuts YoY	Mar	--	204.8%	103.2%	--
4/3	Trade Balance	Feb	-\$123.5b	-\$122.7b	-\$131.4b	-\$130.7b
4/3	S&P Global US Services PMI	Mar F	54.2	54.4	54.3	--
4/3	S&P Global US Composite PMI	Mar F	53.5	53.5	53.5	--
4/3	ISM Services Index	Mar	52.9	50.8	53.5	--
4/4	Change in Nonfarm Payrolls	Mar	140k	228k	151k	117k
4/4	Change in Private Payrolls	Mar	135k	209k	140k	116k
4/4	Change in Manufact. Payrolls	Mar	0k	1k	40k	8k
4/4	Two-Month Payroll Net Revision	Mar	--	-48k	-2k	--
4/4	Unemployment Rate	Mar	4.1%	4.2%	4.1%	--
4/4	Labor Force Participation Rate	Mar	62.4%	62.5%	62.4%	--
4/4	Underemployment Rate	Mar	--	7.9%	8.0%	--
4/4	Average Hourly Earnings YoY	Mar	4.0%	3.8%	4.0%	--
4/4	Average Weekly Hours All Employees	Mar	34.2	34.2	34.1	34.2
4/7	Consumer Credit	Feb	\$15.000b	--	\$18.084b	--
4/8	NFIB Small Business Optimism	Mar	--	--	100.7	--
4/9	MBA Mortgage Applications	4/4	--	--	-1.6%	--
4/10	CPI YoY	Mar	2.6%	--	2.8%	--
4/10	CPI Ex Food and Energy YoY	Mar	3.0%	--	3.1%	--
4/10	CPI Core Index SA	Mar	--	--	325.5	--
4/10	Real Avg Hourly Earning YoY	Mar	--	--	1.2%	1.1%
4/10	Real Avg Weekly Earnings YoY	Mar	--	--	0.6%	0.8%
4/10	Initial Jobless Claims	4/5	--	--	219k	--
4/10	Continuing Claims	3/29	--	--	1903k	--
4/10	Federal Budget Balance	Mar	--	--	-\$236.6b	--
4/11	PPI Final Demand YoY	Mar	--	--	3.2%	--
4/11	PPI Ex Food and Energy YoY	Mar	--	--	3.4%	--
4/11	PPI Ex Food, Energy, Trade YoY	Mar	--	--	3.3%	--
4/11	U. of Mich. Sentiment	Apr P	55.0	--	57.0	--
4/11	U. of Mich. Expectations	Apr P	--	--	52.6	--
4/11	U. of Mich. 1 Yr Inflation	Apr P	--	--	5.0%	--
4/11	U. of Mich. 5-10 Yr Inflation	Apr P	--	--	4.1%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.2	14.9	14.0	13.2	17.6	19.7
FH/FN 15y	7.3	8.8	11.8	18.1	13.3	12.0
GN 15y	22.1	26.1	33.8	51.9	49.4	94.6
FH/FN 20y	6.2	7.0	7.9	10.0	10.2	16.5
FH/FN 30y	4.6	5.2	5.0	5.3	6.8	6.6
GN 30y	5.4	5.5	5.7	5.5	6.5	7.0

CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	11.2	12.2	13.0	15.4	17.8	20.2
FH/FN 15y	7.7	8.8	10.2	16.1	16.7	21.8
GN 15y	9.1	11.2	11.0	13.4	12.2	15.7
FH/FN 20y	6.9	7.5	8.5	9.7	12.5	14.3
FH/FN 30y	5.9	6.2	7.0	7.9	9.0	11.8
GN 30y	6.5	6.7	8.2	8.2	9.4	10.2

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	145.49	(4.35)	149.79	148.70	151.34
Euro	1.10	0.02	1.06	1.10	1.08
Dollar Index	102.17	(1.87)	105.74	102.52	104.12
Major Stock Indices					
Dow Jones	39,548	(2,036)	42,521	42,353	38,597
S&P 500	5,253.7	(327.2)	5,778.2	5,751.1	5,147.2
NASDAQ	16,043.6	(1,279)	18,285.2	18,137.9	16,049.1
Commodities					
Gold	3,062.7	(23.8)	2,920.6	2,645.8	2,288.8
Crude Oil	61.78	(7.58)	68.26	74.38	86.59
Natural Gas	3.88	(0.18)	4.35	2.85	1.77
Wheat	523.3	-5.0	518.5	589.8	556.3
Corn	451.8	-1.5	436.0	424.8	435.3

Notes

- 1 Call Agy = Maturity at left w/ a 1-Year Call at Par
- 2 Muni TEY (21% Fed, 0.75% CoF)
- 3 S-Corp TEY Muni (29.6%, no TEFERA)
- 4 MBS Prepayments are provided by Bloomberg

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