

Baker Market Update

Week In Review

April 25, 2025

The
BakerGroup



Ryan Hayhurst
President

UPCOMING EVENTS

2025 Destination Seminar

Austin, TX
May 8–9, 2025

Banks

Webinars:

Q1 Bank Trends
May 14, 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

MI Seminar
Oct 02, 2025

CUs

Seminars:

MI CU Seminar
Sep 30, 2025

Relative calm returned to the bond market this week after several weeks of extreme volatility triggered by Trump's introduction of the highest tariffs in more than a century on virtually every country in the world. The ever-escalating trade war and Trump's threats to fire Federal Reserve Chairman Powell had some market participants worrying the dollar could lose its reserve currency status and US Treasuries might be at risk of losing their safe-haven status as the world's largest risk-free asset. Adding to those fears were rumors that large holders of US bonds like China and Japan were selling long Treasuries in an effort to "punish" the US by driving up long-term interest rates. The result was a 50bp surge in the 10yr yield at the beginning of April that spooked markets worldwide. But this week the administration seemed to get the message and made a concerted effort to calm the bond market. Trump and Treasury Secretary Bessent announced the US had trade proposals from 18 countries and was actively working on deals with China, Japan and India among others. They even announced they could lower tariffs on China as a sign of their willingness to negotiate. That alone led to rallies in both the stock and bond markets as it was the first sign of de-escalation since tariffs were introduced on China. Adding to the good news, Trump explicitly stated he has no plans to fire Chairman Powell and bonds rallied further. For the week, bond yields fell 2-7bp and the 10yr has now recovered about half of its early April selloff.

The economic data was a mixed bag this week. New Home Sales surged 7.4% on lower prices while Existing Home Sales fell 5.9%, the most since 2022. Durable Goods Orders surged 9.2%, but were flat after excluding the volatile transportation sector. We got much worse than expected regional economic indices from the Chicago, Philadelphia and Richmond Federal Reserves. Finally, Leading Economic Indicators fell by a larger than expected 0.7% as consumer sentiment, stock prices, and new order all pointed to weaker growth ahead.

Next is absolutely packed with economic data that has a chance to bring volatility back to the markets. Here's an abbreviated list of the biggest releases to pay attention to and the current estimate: JOLTS Job Openings (7.49mm), ADP (+125k), Q1 GDP (+0.3%), PCE (2.2%) and Core PCE (2.6%), ISM Manufacturing (48.0), Non-Farm Payrolls (+125k) and Unemployment (4.2%).

Fed Funds Futures Rate Cut Probabilities

MEETING DATE	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
5/7/2025					0.0%	0.0%	0.0%	0.0%	6.8%	93.2%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	58.0%	38.0%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	45.3%	42.7%	8.9%
9/17/2025	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	36.1%	43.3%	16.3%	2.0%
10/29/2025	0.0%	0.0%	0.0%	0.0%	1.4%	22.5%	40.4%	27.1%	7.7%	0.8%
12/10/2025	0.0%	0.0%	0.0%	0.9%	15.1%	34.1%	31.8%	14.6%	3.2%	0.3%

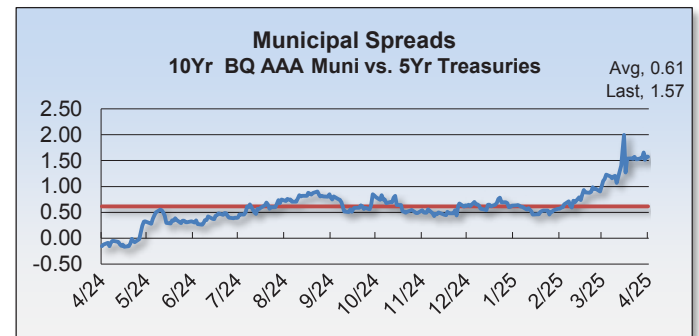
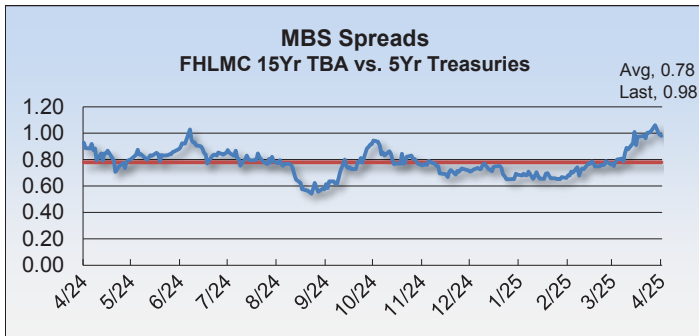
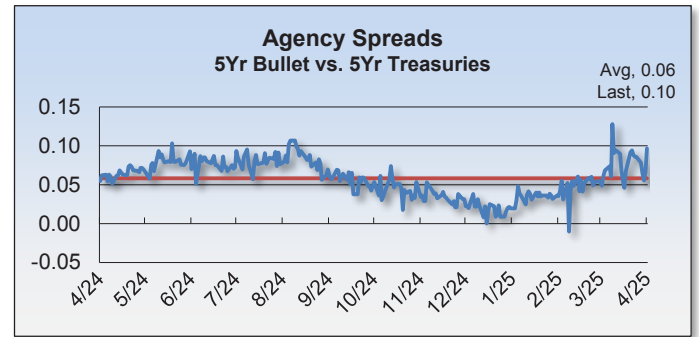
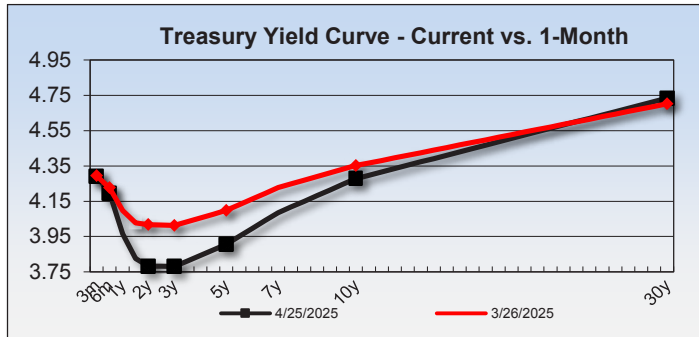
Source: CME Group

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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	4.29	(0.03)	4.28	4.64	5.41	2yr	3.79	3.54	4.20	4.47	3.97	2Yr					
6mo	4.20	(0.00)	4.23	4.53	5.39	3yr	3.78	3.48	4.23	4.50	3.99	3Yr					
1yr	3.96	(0.01)	4.09	4.30	5.21	5yr	3.90	3.54	4.37	4.65	4.13	5Yr					
2yr	3.78	(0.02)	4.02	4.11	5.00	7yr	4.09	3.64	4.49	4.78	4.42	7Yr					
3yr	3.78	(0.02)	3.99	4.05	4.91	10yr	4.25	3.76	4.82	5.13	4.75	10Yr					
5yr	3.91	(0.03)	4.07	4.06	4.72	15yr	4.40	3.92	5.35	5.69	4.89						
7yr	4.09	(0.04)	4.19	4.15	4.73	20yr	4.56	3.97	5.95	6.33	5.44	Cpn	May TBA MBS				
10yr	4.28	(0.05)	4.31	4.24	4.70	25yr	4.73	3.94	6.11	6.50	5.50	3.00	15Yr -Yld/AL		30Yr -Yld/AL		
30yr	4.73	(0.07)	4.66	4.50	4.81	30yr		3.88	6.27	6.68	5.56	3.50	5.03	4.8y	5.22		
* Interpolated													4.00	4.76	4.7y	5.27	9.1y
													4.50	4.78	5.0y	5.35	9.3y
													5.00			5.47	8.6y
													5.50			5.62	6.8y
Key Market Indices																	
		1Wk	Historical														

* 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	4.29	(0.03)	4.31	4.83	--
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	4.29	0.02	4.31	4.51	5.36
1 Year CMT	3.97	(0.02)	4.11	4.25	5.17
REPO O/N	4.38	--	4.37	4.88	5.34
REPO 1Wk	4.39	--	4.38	4.91	5.41
CoF Federal	3.661	--	3.666	3.942	3.893
11th D. CoF (Feb)	2.937	--	2.944	3.259	3.160

FHLB Fixed Advance Rates				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	4.45	4.48	4.48	Apr-25	4.330
6mo	4.33	4.35	4.39	May-25	4.310
1yr	4.11	4.11	4.18	Jun-25	4.250
2yr	3.92	3.96	3.99	Jul-25	4.155
3yr	3.91	3.94	3.98	Aug-25	3.970
4yr	3.97	4.00	4.03	Sep-25	3.890
5yr	4.07	4.10	4.14	Oct-25	3.765
7yr	4.37	4.43	4.44	Nov-25	3.625
10yr	4.63	4.70	4.69	Dec-25	3.515
5yr Am	4.15		4.11	Jan-26	3.450
10yr Am	4.21		4.46	Feb-26	3.375

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
4/21	Leading Index	Mar	-0.5%	-0.7%	-0.3%	-0.2%
4/22	Philadelphia Fed Non-Manufacturing Ac	Apr	--	-42.7	-32.5	--
4/22	Richmond Fed Manufact. Index	Apr	-7.0	-13.0	-4.0	--
4/22	Richmond Fed Business Conditions	Apr	--	-30.0	-14.0	--
4/23	MBA Mortgage Applications	4/18	--	-12.7%	-8.5%	--
4/23	Building Permits	Mar F	--	1467k	1482k	--
4/23	S&P Global US Manufacturing PMI	Apr P	49.0	50.7	50.2	--
4/23	S&P Global US Services PMI	Apr P	52.6	51.4	54.4	--
4/23	S&P Global US Composite PMI	Apr P	52.0	51.2	53.5	--
4/23	New Home Sales	Mar	685k	724k	676k	674k
4/24	Chicago Fed Nat Activity Index	Mar	0.12	-0.03	0.18	0.24
4/24	Durable Goods Orders	Mar P	2.0%	9.2%	1.0%	0.9%
4/24	Durables Ex Transportation	Mar P	0.3%	0.0%	0.7%	--
4/24	Cap Goods Orders Nondef Ex Air	Mar P	0.1%	0.1%	-0.2%	-0.3%
4/24	Cap Goods Ship Nondef Ex Air	Mar P	0.2%	0.3%	0.8%	0.7%
4/24	Initial Jobless Claims	4/19	222k	222k	215k	216k
4/24	Initial Claims 4-Wk Moving Avg	4/19	--	220k	221k	221k
4/24	Continuing Claims	4/12	1869k	1841k	1885k	1878k
4/24	Existing Home Sales	Mar	4.13m	4.02m	4.26m	4.27m
4/24	Kansas City Fed Manf. Activity	Apr	-6.0	-4.0	-2.0	--
4/25	U. of Mich. Sentiment	Apr F	50.5	52.2	50.8	--
4/25	U. of Mich. Current Conditions	Apr F	56.0	59.8	56.5	--
4/25	U. of Mich. Expectations	Apr F	46.3	47.3	47.2	--
4/25	U. of Mich. 1 Yr Inflation	Apr F	6.8%	6.5%	6.7%	--
4/25	U. of Mich. 5-10 Yr Inflation	Apr F	4.4%	4.4%	4.4%	--
4/25	Kansas City Fed Services Activity	Apr	--	3.0	0.0	--
4/28	Dallas Fed Manf. Activity	Apr	-14.2	--	-16.3	--
4/29	Advance Goods Trade Balance	Mar	-\$145.0b	--	-\$147.9b	-\$147.8b
4/29	JOLTS Job Openings	Mar	7490k	--	7568k	--
4/29	JOLTS Job Openings Rate	Mar	--	--	4.5%	--
4/29	JOLTS Quits Level	Mar	--	--	3195k	--
4/29	JOLTS Quits Rate	Mar	--	--	2.00%	--
4/29	JOLTS Layoffs Level	Mar	--	--	1790k	--
4/29	JOLTS Layoffs Rate	Mar	--	--	1.1%	--
4/29	Conf. Board Consumer Confidence	Apr	87.0	--	92.9	--
4/29	Conf. Board Present Situation	Apr	--	--	134.5	--
4/29	Conf. Board Expectations	Apr	--	--	65.2	--
4/29	Dallas Fed Services Activity	Apr	--	--	-11.3	--
4/30	ADP Employment Change	Apr	125k	--	155k	--
4/30	GDP Annualized QoQ	1Q A	0.3%	--	2.4%	--
4/30	Personal Consumption	1Q A	--	--	4.0%	--
4/30	GDP Price Index	1Q A	3.1%	--	2.3%	--
4/30	Core PCE Price Index QoQ	1Q A	--	--	2.6%	--
4/30	Employment Cost Index	1Q	0.9%	--	0.9%	--
4/30	MNI Chicago PMI	Apr	45.80	--	47.60	--
4/30	Personal Income	Mar	--	--	0.8%	--
4/30	Personal Spending	Mar	0.6%	--	0.4%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.4	16.1	14.6	13.9	18.2	21.1
FH/FN 15y	7.8	9.3	12.7	16.2	12.9	12.6
GN 15y	23.4	27.1	36.8	55.8	59.8	-1.0
FH/FN 20y	6.3	7.1	7.9	10.4	10.3	17.4
FH/FN 30y	5.0	5.6	5.4	5.1	6.0	--
GN 30y	5.6	5.4	5.2	5.8	6.5	7.3
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	12.3	12.8	12.0	12.0	13.6	15.7
FH/FN 15y	7.9	8.6	9.8	11.1	12.4	#####
GN 15y	7.7	8.0	8.5	11.2	9.7	11.1
FH/FN 20y	7.6	8.5	9.3	10.6	12.0	16.4
FH/FN 30y	5.7	5.9	6.8	7.4	8.1	10.3
GN 30y	4.6	4.7	4.9	6.2	6.0	6.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	143.86	1.68	149.91	152.31	155.65
Euro	1.14	(0.00)	1.08	1.08	1.07
Dollar Index	99.56	0.18	104.18	104.26	105.60
Major Stock Indices					
Dow Jones	39,879	737	42,588	42,114	38,086
S&P 500	5,463.9	181.2	5,776.7	5,808.1	5,048.4
NASDAQ	17,229.3	943	18,271.9	18,518.6	15,611.8
Commodities					
Gold	3,295.6	(32.8)	3,025.9	2,754.6	2,342.5
Crude Oil	62.53	(2.15)	69.00	71.78	83.57
Natural Gas	2.96	(0.29)	3.84	2.56	1.64
Wheat	531.0	-17.8	543.3	569.0	602.3
Corn	480.0	-2.3	457.8	415.3	441.0

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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