

## Baker Market Update: Week in Preview

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Apart from whatever hi-jinx might ensue in the stock market over the coming days, the highlight of the week for most data-watching investors will likely be Friday's Jobs Report from the Bureau of Labor Statistics. But there's plenty of time for mischief between now and then. Today, it looks like silver is the latest conduit of rambunctiousness, but tomorrow it will probably be something else.

Markit U.S. is likely to tell us a little later this morning that its Manufacturing PMI stayed unchanged in January, at December's 59.1. A different read on the same kind of thing will come our way a little later when the Institute of Supply Management reports that its Manufacturing Index might have slipped slightly last month to 60 from December's downwardly revised 60.5. The Census Bureau will also be reporting on December's Construction Spending and estimates suggest a rise of 0.8%. The prior month's growth was 0.9%.

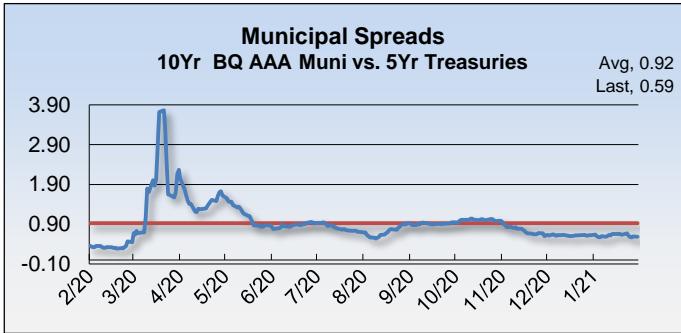
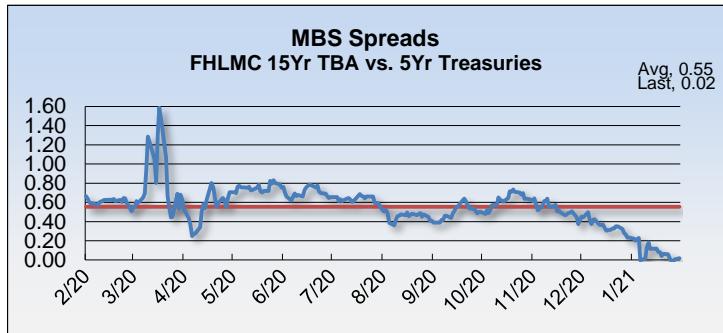
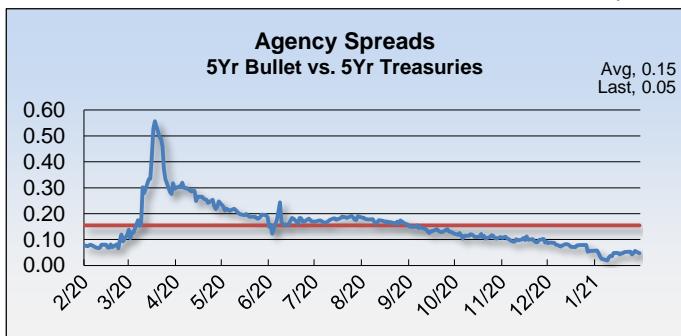
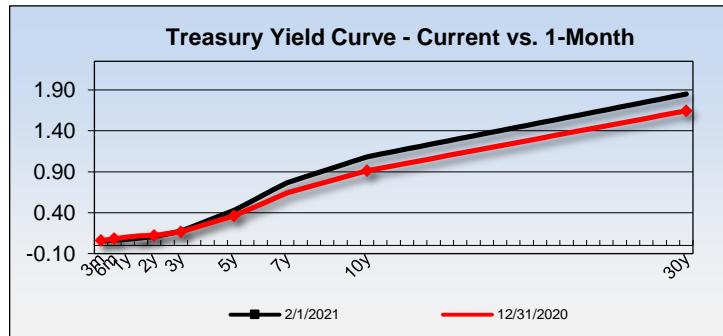
Tomorrow's calendar is pretty light with the only news coming from Ward's Auto Group with its report on Total Vehicle Sales for January. That total has been over 16M on an annualized basis for three of the last four months and if January's forecast of 16.1M is right, that'll make it four of the last five.

On Wednesday, ADP's Employment Change Report for Private Non-Farm Payrolls is expected to tell us that 50k New Jobs were gained across the economy last month in a small reversal of December's loss of 123k. Markit U.S. will be reporting its PMI for Services on the same day and December's 57.5 is not expected to have changed last month. The ISM is then expected to tell us that its own Services Index didn't fare as well with a slide to 56.7 last month from December's 57.2.

Thursday morning gets started with the latest Jobless Claims numbers from the BLS and for the week ending January 30th that number is expected to be 830k in a small decline from the prior week's 847k. Continuing Claims for the week ending January 23rd are forecast to come down to 4.5M from 4.77M. Later that day, the Census Bureau's report on December's Factory Orders should show a gain of 0.7% with orders for Durable Goods estimated to show a 0.2% rise.

When the BLS releases its Employment Report on Friday morning, analysts expect it to tell us, in a reproduction of their ADP forecast, that Payrolls grew 50k last month. Can anyone remember the ADP number ever matching the BLS number? They don't measure quite the same thing in the quite the same way and quite often are miles apart. Clearly, something's afoot. Still, it doesn't look like the 6.7% Unemployment Rate is going anywhere right along with the 61.5% Labor Force Participation Rate. The Federal Reserve will close out the week that afternoon when it issues its December report on Consumer Credit. That tally has been all over the place during the pandemic and November's growth of \$15.27B was largely unexpected after October's unexpectedly small growth of \$4.53B. Analysts are looking for December's increase to be around \$12B.

So far this morning, Treasury prices are looking a little soft although yields haven't changed very much. The Ten-Year is trading around 1.07% with the Long Bond at 1.84%. Crude oil is up about a half-dollar to \$52.65 while gold is up another \$16 to \$1,864. Domestic equity futures are triple-digit green in early trading. Have a great week; be careful out there.



Treasury Market -- Historical						Fixed Rate Market										
Maty	Current	1Wk Change	Historical			Maty	N-Call /AL	US Swap	AAA BQ Muni		Tax Muni	Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp <sup>2</sup>	S-Corp <sup>3</sup>		Mty	3Mo	6mo	1Yr	2Yr
3mo	0.05	(0.02)	0.07	0.09	1.55	2yr	0.15	0.19	0.15	0.16	0.18	2Yr	0.03	0.03	0.03	-
6mo	0.07	(0.02)	0.08	0.10	1.53	3yr	0.22	0.26	0.18	0.19	0.32	3Yr	0.10	0.10	-	0.09
1yr	0.08	(0.02)	0.11	0.11	1.44	5yr	0.47	0.53	0.31	0.33	0.60	5Yr	0.43	0.44	0.42	0.36
2yr	0.11	(0.01)	0.12	0.11	1.32	7yr	0.75	0.82	0.57	0.61	0.98	7Yr	0.78	0.79	0.79	0.72
3yr	0.17	(0.00)	0.17	0.12	1.32	10yr	1.27	1.13	1.01	1.07	1.47	10Yr	1.14	1.19	1.18	1.12
5yr	0.43	0.03	0.36	0.21	1.31	15yr	1.79	1.40	1.39	1.48	1.98	March TBA MBS				
7yr	0.77	0.05	0.65	0.38	1.42	20yr	2.31	1.53	1.67	1.77	2.54	Cpn	15Yr -Yld/AL	30Yr -Yld/AL		
10yr	1.08	0.05	0.92	0.53	1.51	25yr	2.84	1.58	1.80	1.91	2.59	2.00	0.45	3.0y	1.25	
30yr	1.85	0.06	1.65	1.19	2.00	30yr	1.60	1.60	1.93	2.06	2.64	2.50	0.20	2.3y		

\*Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	0.25	--	0.25	0.25	1.75
Primary Discount	0.25	--	0.25	0.25	2.25
2ndary Discount	0.75	--	0.75	0.75	2.75
Prime Rate	3.25	--	3.25	3.25	4.75
Sec. O.N. Finance	0.06	0.01	0.10	0.09	--
1 Month LIBOR	0.12	(0.01)	0.15	0.16	1.65
3 Month LIBOR	0.20	(0.01)	0.25	0.26	1.78
6 Month LIBOR	0.22	(0.01)	0.26	0.32	1.78
1 Year LIBOR	0.31	(0.00)	0.34	0.46	1.85
6 Month CD	0.18	--	0.24	0.31	1.76
1 Year CMT	0.10	--	0.11	0.13	1.51
REPO O/N	0.13	0.04	0.10	0.13	1.60
REPO 1Wk	0.06	(0.07)	0.15	0.13	1.59
CoF Federal	0.925	--	0.958	1.158	1.955
11th D. CoF (Dec)	0.460	--	0.466	0.682	1.036

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	0.24	0.35	0.28
6mo	0.24	0.34	0.29
1yr	0.29	0.30	0.31
2yr	0.33	0.49	0.35
3yr	0.40	0.58	0.44
4yr	0.52	0.71	0.56
5yr	0.66	0.86	0.71
7yr	0.99	1.24	1.06
10yr	1.37	1.63	1.43
5yr Am	0.47		0.56
10yr Am	0.97		1.06

Fed Fund Futures	
Maturity	Rate
Feb-21	0.063
Mar-21	0.060
Apr-21	0.065
May-21	0.065
Jun-21	0.070
Jul-21	0.070
Aug-21	0.070
Sep-21	0.075
Oct-21	0.075
Nov-21	0.080
Dec-21	0.075

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
2/1	Markit US Manufacturing PMI	Jan F	59.1	--	59.1	--
2/1	Construction Spending MoM	Dec	1.0%	--	0.9%	--
2/1	ISM Manufacturing	Jan	60.0	--	60.7	60.5
2/1	ISM Prices Paid	Jan	76.0	--	77.6	--
2/1	ISM New Orders	Jan	--	--	67.9	67.5
2/1	ISM Employment	Jan	--	--	51.5	51.7
2/2	Wards Total Vehicle Sales	Jan	16.10m	--	16.27m	--
2/3	MBA Mortgage Applications	1/29	--	--	-4.1%	--
2/3	ADP Employment Change	Jan	60k	--	-123k	--
2/3	Markit US Composite PMI	Jan F	--	--	58.0	--
2/3	Markit US Services PMI	Jan F	57.4	--	57.5	--
2/3	ISM Services Index	Jan	56.7	--	57.2	57.7
2/4	Challenger Job Cuts YoY	Jan	--	--	134.5%	--
2/4	Unit Labor Costs	4Q P	4.0%	--	-6.6%	--
2/4	Nonfarm Productivity	4Q P	-3.0%	--	4.6%	--
2/4	Initial Jobless Claims	1/30	830k	--	847k	--
2/4	Continuing Claims	1/23	4700k	--	4771k	--
2/4	Bloomberg Consumer Comfort	1/31	--	--	45.7	--
2/4	Factory Orders Ex Trans	Dec	--	--	0.8%	--
2/4	Factory Orders	Dec	0.7%	--	1.0%	--
2/4	Durable Goods Orders	Dec F	0.2%	--	0.2%	--
2/4	Durables Ex Transportation	Dec F	0.7%	--	0.7%	--
2/4	Cap Goods Orders Nondef Ex Air	Dec F	0.6%	--	0.6%	--
2/4	Cap Goods Ship Nondef Ex Air	Dec F	--	--	0.5%	--
2/5	Change in Nonfarm Payrolls	Jan	50k	--	-140k	--
2/5	Two-Month Payroll Net Revision	Jan	--	--	135k	--
2/5	Change in Private Payrolls	Jan	90k	--	-95k	--
2/5	Change in Manufact. Payrolls	Jan	31k	--	38k	--
2/5	Unemployment Rate	Jan	6.7%	--	6.7%	--
2/5	Average Hourly Earnings YoY	Jan	5.0%	--	5.1%	--
2/5	Average Weekly Hours All Employees	Jan	34.7	--	34.7	--
2/5	Labor Force Participation Rate	Jan	61.5%	--	61.5%	--
2/5	Trade Balance	Dec	-\$65.7b	--	-\$68.1b	--
2/5	Underemployment Rate	Jan	--	--	11.7%	--
2/5	Consumer Credit	Dec	\$12,000b	--	\$15,274b	--
8/2021	Mortgage Delinquencies	4Q	--	--	7.65%	--
2/9	NFIB Small Business Optimism	Jan	--	--	95.9	--
2/9	JOLTS Job Openings	Dec	--	--	6527	--
2/10	CPI YoY	Jan	1.5%	--	1.4%	--
2/10	CPI Ex Food and Energy YoY	Jan	1.5%	--	1.6%	--
2/10	CPI Index NSA	Jan	--	--	260.47	--
2/10	CPI Core Index SA	Jan	--	--	270.12	--
2/10	Real Avg Hourly Earning YoY	Jan	--	--	3.7%	--
2/10	Real Avg Weekly Earnings YoY	Jan	--	--	4.9%	--
2/12	U. of Mich. Sentiment	Feb P	80.0	--	79.0	--
2/12	U. of Mich. Current Conditions	Feb P	--	--	86.7	--
2/12	U. of Mich. 1 Yr Inflation	Feb P	--	--	3.0%	--

MBS Prepayments <sup>4</sup>						
	3-Month CPR					
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	13.4	24.8	27.3	29.5	30.4	16.0
FH/FN 15y	16.9	35.0	43.5	47.9	22.3	22.1
GN 15y	25.1	20.4	19.8	20.2	17.8	19.0
FH/FN 20y	53.5	34.1	35.1	33.7	32.2	25.4
FH/FN 30y	8.2	47.0	58.5	58.7	59.5	53.3
GN 30y	13.4	20.3	42.0	51.6	41.9	31.3

CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	21.2	20.7	20.7	22.3	22.8	20.5
FH/FN 15y	20.3	26.2	30.7	33.0	23.0	21.7
GN 15y	15.6	16.1	16.0	14.7	13.6	13.1
FH/FN 20y	21.7	26.4	23.2	20.7	19.8	18.4
FH/FN 30y	15.0	27.0	35.3	35.4	36.1	31.0
GN 30y	10.7	15.2	21.8	24.4	24.2	15.8

Other Markets						
Index	Current	1Wk Chng	Historical			
			1 Mo	6 Mo	1 Yr	
<b>Currencies</b>						
Japanese Yen	104.94	1.19	103.20	105.95	108.69	
Euro	1.21	(0.00)	1.22	1.18	1.11	
Dollar Index	90.87	0.48	89.94	93.35	97.39	
<b>Major Stock Indices</b>						
Dow Jones	29,983	(1,014)	30,606	26,428	28,256	
S&P 500	3,714.2	(127.2)	3,756.1	3,271.1	3,225.5	
NASDAQ	13,070.7	(472)	12,888.3	10,745.3	9,150.9	
<b>Commodities</b>						
Gold	1,863.5	8.3	1,895.1	1,962.8	1,582.9	
Crude Oil	52.60	(0.17)	48.52	40.27	51.56	
Natural Gas	2.78	0.18	2.54	1.80	1.84	
Wheat	660.0	11.5	640.5	531.3	553.8	
Corn	550.3	38.8	484.0	316.0	381.3	

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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