

### Dale Sheller

*Senior Vice President*

Financial Strategies Group

[dale@gobaker.com](mailto:dale@gobaker.com)

800.937.2257

### The Baker Group

[GoBaker.com](http://GoBaker.com)

1601 NW Expressway

20th Floor

Oklahoma City, OK 73118

Happy Friday to everyone! As our friend Lester rode off into the sunset last Friday (I assume on a horse named Bullet), I will be with you for this week's economic review. Let's first discuss the movement of Dogecoin and its potential effect on the Fed's outlook for interest rates...kidding! All eyes were on the monthly jobs data released this morning. 559K jobs were added in the month of May, while expectations were for 675K. Today's print was lower than expected, but not as big of a miss as we saw last month. Many anticipate it will take several months for the labor market to continue to work itself out and we shouldn't expect to see one to two million jobs added every month, it will be a gradual process. The unemployment rate fell from 6.1% to 5.8%, slightly lower than expectation for a 5.9% rate.

The labor-force participation rate, or the share of people working or seeking work, down 0.1% from 61.7% to 61.6%. This seems to indicate that people are holding back and not reentering the workforce despite the economy re-opening. Other notable data in this morning's jobs report included the 0.5% month-over-month increase in average hourly earnings, well above the estimate of a 0.2% increase. The rising demand for labor associated with the recovery from the pandemic seems to be putting upward pressure on wages.

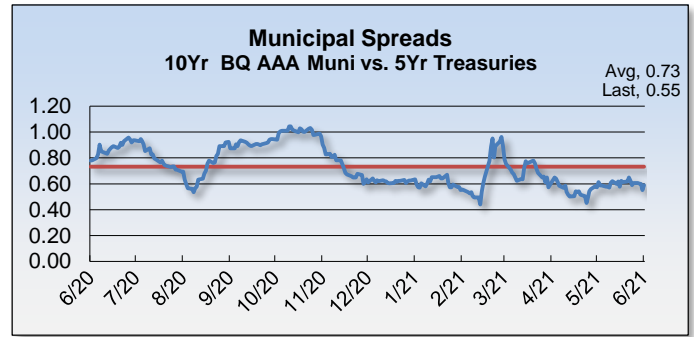
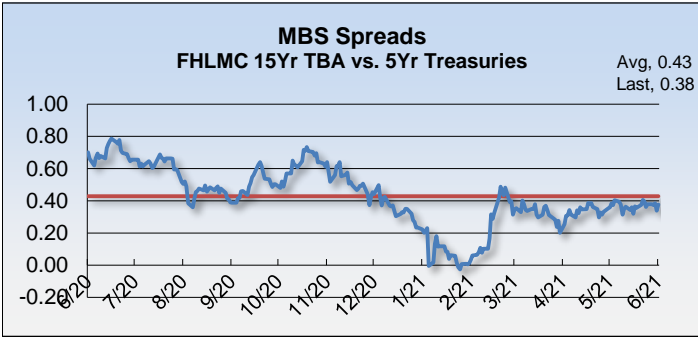
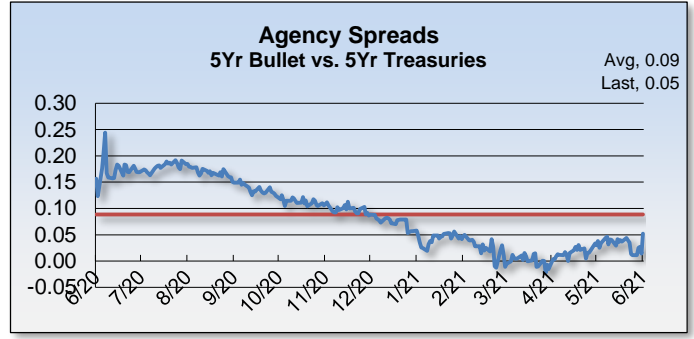
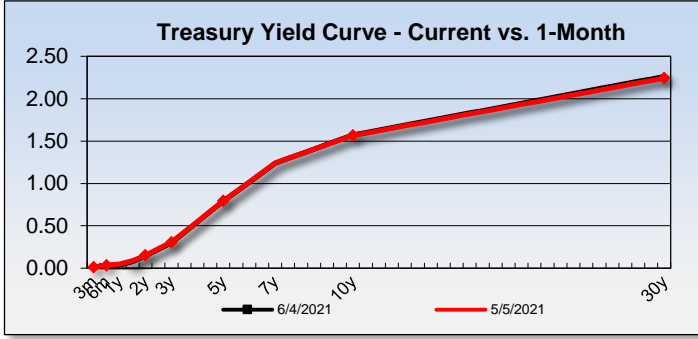
Yesterday, the weekly initial jobless claims fell to 385,000, which was the first time below 400,000 since March 2020. The claims numbers are expected to continue their decline as more workers return to their jobs and as states curtail Federal unemployment benefits before, they are set to expire in September of this year.

Earlier this week, the May ISM Manufacturing registered 61.2%, an increase of 0.5% from the April reading of 60.7%. This figure indicates expansion in the overall economy for the twelfth month in a row after contraction in April 2020. The manufacturing sector is having its challenges with meeting the increasing levels of demand. Material shortages and rising commodity prices continue to affect manufacturers' ability to keep up with the increased level of demand.

The 10-year treasury yield remained relatively flat this morning and currently sits at 1.60% with the long bond at 2.30%. Stocks are up early, with the Dow Jones Industrial Average up 124 points at opening.

Until we meet again next Friday...be careful out there!

June 4, 2021



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 <sup>2</sup>	S-Corp <sup>3</sup>		Mty	3Mo	6mo	1Yr	2Yr
3mo	0.02	0.01	0.01	0.08	0.15	2yr	0.19	0.23	0.14	0.15	0.21	2Yr	0.09	0.09	0.09	-
6mo	0.03	0.00	0.04	0.09	0.18	3yr	0.35	0.43	0.29	0.31	0.47	3Yr	0.24	0.25	0.20	0.24
1yr	0.04	(0.00)	0.05	0.10	0.17	5yr	0.82	0.88	0.66	0.70	0.98	5Yr	0.82	0.82	0.81	0.75
2yr	0.14	0.00	0.16	0.15	0.20	7yr	1.25	1.24	0.99	1.06	1.43	7Yr	1.27	1.29	1.28	1.21
3yr	0.30	(0.00)	0.32	0.21	0.27	10yr	1.69	1.57	1.37	1.46	1.95	10Yr	1.65	1.71	1.70	1.64
5yr	0.79	(0.01)	0.82	0.42	0.41	15yr	2.14	1.83	1.60	1.70	2.40	July TBA MBS				
7yr	1.24	(0.02)	1.27	0.70	0.64	20yr	2.58	1.94	1.83	1.95	2.74	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	1.57	(0.02)	1.59	0.97	0.83	25yr	3.03	1.98	1.97	2.09	2.79	2.00	1.13	4.1y	1.86	
30yr	2.26	(0.02)	2.26	1.74	1.63	30yr		1.99	2.10	2.24	2.84	2.50	1.00	3.2y		
												3.00	0.92	2.8y	1.64	3.8y
												3.50	0.53	2.5y	1.68	3.5y
												4.00			1.66	3.4y
												4.50			1.91	3.6y

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	0.25	--	0.25	0.25	0.25
Primary Discount	0.25	--	0.25	0.25	0.25
2ndary Discount	0.75	--	0.75	0.75	0.75
Prime Rate	3.25	--	3.25	3.25	3.25
Sec. O.N. Finance	0.01	--	0.01	0.08	--
1 Month LIBOR	0.09	(0.01)	0.11	0.15	0.18
3 Month LIBOR	0.13	(0.00)	0.18	0.23	0.33
6 Month LIBOR	0.17	(0.00)	0.20	0.26	0.48
1 Year LIBOR	0.24	(0.01)	0.28	0.33	0.63
6 Month CD	0.09	(0.04)	0.15	0.29	0.43
1 Year CMT	0.04	--	0.06	0.10	0.17
REPO O/N	0.02	0.03	0.02	0.12	0.09
REPO 1Wk	0.06	--	0.06	0.13	0.09
CoF Federal	0.823	--	0.845	1.003	1.333
11th D. CoF (Apr)	0.343	--	0.377	0.503	0.740

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	0.21	0.31	0.24
6mo	0.21	0.31	0.25
1yr	0.26	0.27	0.27
2yr	0.32	0.50	0.36
3yr	0.48	0.68	0.54
4yr	0.75	0.96	0.81
5yr	0.97	1.19	1.04
7yr	1.45	1.71	1.53
10yr	1.82	2.11	1.91
5yr Am	0.63		0.76
10yr Am	1.33		1.45

Fed Fund Futures	
Maturity	Rate
Jun-21	0.067
Jul-21	0.080
Aug-21	0.080
Sep-21	0.080
Oct-21	0.080
Nov-21	0.080
Dec-21	0.080
Jan-22	0.080
Feb-22	0.080
Mar-22	0.085
Apr-22	0.085

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/1	Markit US Manufacturing PMI	May F	61.5	62.1	61.5	--
6/1	Construction Spending MoM	Apr	0.5%	0.2%	0.2%	1.0%
6/1	ISM Manufacturing	May	61.0	61.2	60.7	--
6/1	ISM Prices Paid	May	89.5	88.0	89.6	--
6/1	ISM New Orders	May	66.0	67.0	64.3	--
6/1	ISM Employment	May	54.6	50.9	55.1	--
6/1	Dallas Fed Manf. Activity	May	36.3	34.9	37.3	--
6/2	MBA Mortgage Applications	5/28	--	-4.0%	-4.2%	--
6/2	Wards Total Vehicle Sales	May	17.30m	16.99m	18.51m	--
6/3	Challenger Job Cuts YoY	May	--	-93.8%	-96.6%	--
6/3	ADP Employment Change	May	650k	978k	742k	654k
6/3	Nonfarm Productivity	1Q F	5.5%	5.4%	5.4%	--
6/3	Unit Labor Costs	1Q F	-0.4%	1.7%	-0.3%	--
6/3	Initial Jobless Claims	5/29	387k	385k	406k	405k
6/3	Continuing Claims	5/22	3614k	3771k	3642k	3602k
6/3	Langer Consumer Comfort	5/30	--	55.6	53.8	--
6/3	Markit US Services PMI	May F	70.1	70.4	70.1	--
6/3	Markit US Composite PMI	May F	--	68.7	68.1	--
6/3	ISM Services Index	May	63.2	64.0	62.7	--
6/4	Change in Nonfarm Payrolls	May	675k	559k	266k	278k
6/4	Two-Month Payroll Net Revision	May	--	27k	--	--
6/4	Change in Private Payrolls	May	610k	492k	218k	219k
6/4	Change in Manufact. Payrolls	May	25k	23k	-18k	-32k
6/4	Unemployment Rate	May	5.9%	5.8%	6.1%	--
6/4	Average Hourly Earnings YoY	May	1.6%	2.0%	0.3%	0.4%
6/4	Average Weekly Hours All Employees	May	34.9	34.9	35.0	34.9
6/4	Average Hourly Earnings MoM	May	0.2%	0.5%	0.7%	--
6/4	Labor Force Participation Rate	May	61.8%	61.6%	61.7%	--
6/4	Underemployment Rate	May	--	10.2%	10.4%	--
6/4	Factory Orders Ex Trans	Apr	--	--	1.7%	--
6/4	Durables Ex Transportation	Apr F	1.0%	--	1.0%	--
6/4	Cap Goods Orders Nondef Ex Air	Apr F	2.3%	--	2.3%	--
6/4	Cap Goods Ship Nondef Ex Air	Apr F	--	--	0.9%	--
6/7	Consumer Credit	Apr	\$22.500b	--	\$25.841b	--
6/8	NFIB Small Business Optimism	May	100.5	--	99.8	--
6/8	Trade Balance	Apr	-\$68.3b	--	-\$74.4b	--
6/8	JOLTS Job Openings	Apr	--	--	8123k	--
6/10	CPI MoM	May	0.4%	--	0.8%	--
6/10	CPI YoY	May	4.7%	--	4.2%	--
6/10	CPI Ex Food and Energy YoY	May	3.4%	--	3.0%	--
6/10	CPI Index NSA	May	268.52	--	267.05	--
6/10	CPI Core Index SA	May	274.69	--	273.70	--
6/10	Real Avg Weekly Earnings YoY	May	--	--	-4.4%	-1.4%
6/10	Real Avg Hourly Earning YoY	May	--	--	-3.7%	--
6/11	U. of Mich. Sentiment	Jun P	84.0	--	82.9	--
6/11	U. of Mich. Current Conditions	Jun P	89.5	--	89.4	--
6/11	U. of Mich. 1 Yr Inflation	Jun P	--	--	4.6%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	17.2	27.1	28.6	31.0	28.6	21.9
FH/FN 15y	11.6	37.5	44.4	47.9	35.1	23.3
GN 15y	25.3	19.9	21.1	19.4	21.3	19.1
FH/FN 20y	55.8	35.3	36.5	34.4	32.8	25.5
FH/FN 30y	9.4	25.5	57.1	58.8	58.5	55.3
GN 30y	9.5	21.7	45.3	50.9	52.6	30.7
CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	17.6	18.9	19.5	20.4	21.7	20.1
FH/FN 15y	15.1	18.8	22.6	26.6	24.2	21.1
GN 15y	14.5	14.7	14.9	14.1	13.4	13.2
FH/FN 20y	13.8	17.1	16.9	17.1	17.2	16.7
FH/FN 30y	11.2	15.0	23.5	24.6	26.7	24.4
GN 30y	9.8	12.4	16.5	18.5	19.3	13.7

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	109.58	(0.27)	109.33	104.17	109.15
Euro	1.22	(0.00)	1.20	1.21	1.13
Dollar Index	90.08	0.11	91.29	90.70	96.68
<b>Major Stock Indices</b>					
Dow Jones	34,686	221	34,133	30,218	26,282
S&P 500	4,215.0	14.1	4,164.7	3,699.1	3,112.4
NASDAQ	13,757.7	21	13,633.5	12,464.2	9,615.8
<b>Commodities</b>					
Gold	1,883.2	(12.5)	1,776.0	1,835.9	1,718.9
Crude Oil	69.61	2.76	65.69	46.26	37.41
Natural Gas	3.05	0.09	2.97	2.58	1.82
Wheat	680.3	4.0	737.0	566.5	523.8
Corn	672.0	7.5	744.8	417.0	329.0

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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