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Treasuries yields edged slightly higher across the curve this week as the 10-Year UST Note sits at 1.28% from 1.17%, Monday's close. These levels may look familiar as the 10Yr yield has bounced between 1.2 and 1.4% over the last month of trading. Equity markets look to end the week higher as all of the major indices (Dow/S&P/NASDAQ) are .5 to .7% higher for the week. On the economic data front, the week saw key economic releases such as the ISM Manufacturing and Services Surveys along with monthly BLS Julys Jobs report.

On Tuesday, the ISM Manufacturing release for July indicated a second month of slow down as raw material shortages persist and supply chains are strained. Falling 1.1 points to 59.5, in contrast to an estimate for an increase 61.0, this was the lowest reading since January of this year. The results did show some encouraging pickup in employment figures which was later reinforced by the jobs report on Friday.

Wednesday gave us the ISM Services release which improved an impressive 4 points to 64.1 versus a consensus projection of 60.0. The latest results showed an encouraging pickup in activity and orders however also that input costs continue to remain at extreme levels along with inventory contraction.

All Eyes on Jobs Friday

The unemployment report for July as well as the upward revisions to June's numbers indicate that employment growth could be accelerating as labor slack eases up. In June, non-farm payrolls increased 943k and the unemployment fell to 5.4% versus expectations of 5.7%. Wage growth accelerated to 4% year-over-year, also better than expected. While labor force participation still remains stubbornly weak since the beginning of the pandemic, it ticked up .1% to 61.7%. Recently, FOMC Board members Richard Clarida and Christopher Waller have discussed a run of stronger jobs reports could be enough to reach the "substantial further progress" and could line up for further discussion at the Kansas City's Federal Reserve Jackson hole Summit later this month.

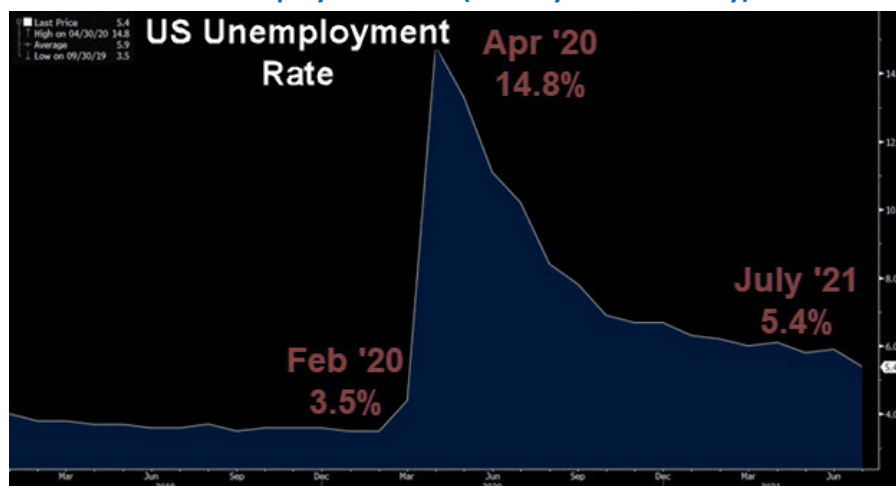
Olympics Update

While viewership may be down, US Olympic medals are up. As it stands, the United States leads all countries with 98 total medals won for the games (31 in Gold). Kevin Durant and the US Men's Basketball team will play France for the Gold tonight at 9:30pm CT. GO USA!

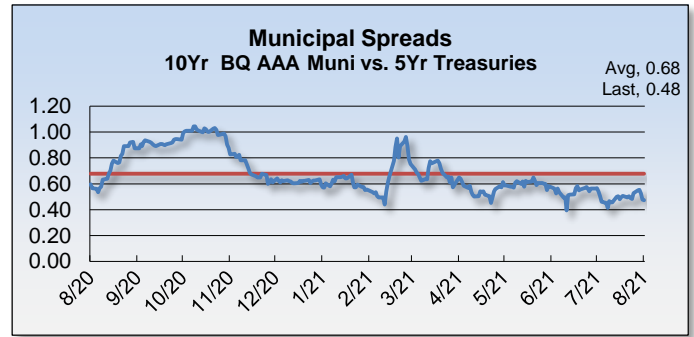
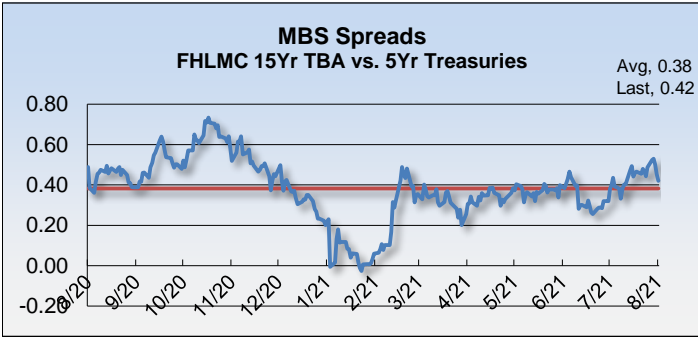
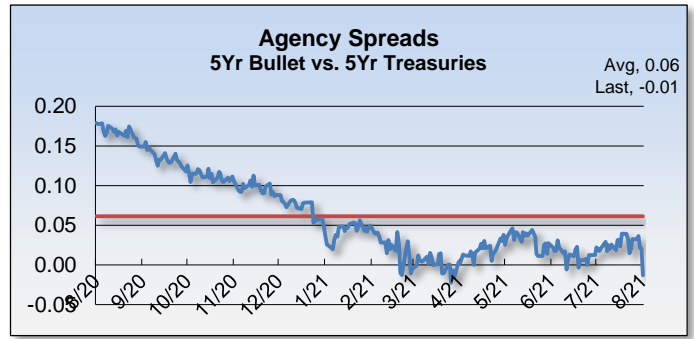
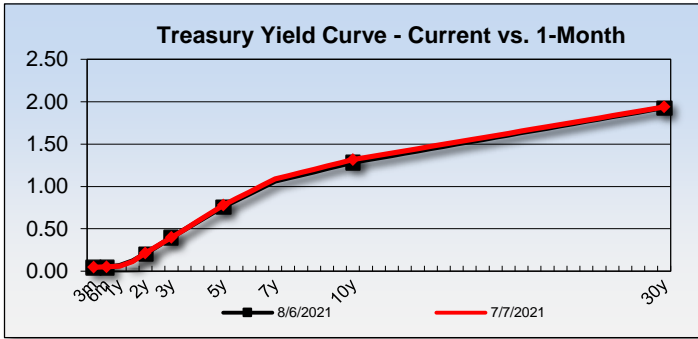
Next week brings another slew of economic data as the BLS Job Opening and Labor Turnover Survey (JOLTS) report will be released on Monday followed by key inflation indicator CPI on Wednesday and Michigan's Consumer Sentiment Survey on Friday. Have a great weekend!

The Fed's Summary of Economic Projections indicate that the median unemployment rate will not lower to 3.5% until 2023. Before the pandemic began, there were approximately 132mm people in the labor force, today there is only 127mm.

US Unemployment Rate (January 2019 to Today)



Source: Bloomberg, LP



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	0.05	0.00	0.05	0.03	0.09	2yr	0.23	0.30	0.07	0.07	0.27	2Yr	0.08	0.08	0.08	-
6mo	0.05	(0.00)	0.05	0.04	0.11	3yr	0.42	0.53	0.14	0.15	0.46	3Yr	0.27	0.28	0.20	0.27
1yr	0.07	0.00	0.06	0.06	0.12	5yr	0.80	0.85	0.48	0.51	0.83	5Yr	0.71	0.71	0.70	0.64
2yr	0.21	0.02	0.22	0.10	0.12	7yr	1.12	1.08	0.81	0.86	1.11	7Yr	1.02	1.04	1.03	0.96
3yr	0.40	0.06	0.40	0.18	0.15	10yr	1.41	1.31	1.15	1.22	1.54	10Yr	1.29	1.34	1.34	1.27
5yr	0.76	0.07	0.80	0.46	0.21	15yr	1.69	1.52	1.43	1.52	1.99	September TBA MBS				
7yr	1.06	0.07	1.11	0.82	0.39	20yr	1.97	1.62	1.67	1.77	2.30	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	1.29	0.06	1.35	1.17	0.54	25yr	2.26	1.66	1.81	1.92	2.35	2.00	1.03	3.9y	1.71	
30yr	1.93	0.04	1.98	1.97	1.20	30yr		1.67	1.95	2.07	2.40	2.50	0.86	3.1y		
												3.00	0.96	2.7y	1.56	3.8y
												3.50	0.55	2.5y	1.60	3.6y
												4.00			1.73	3.6y
												4.50			2.05	3.8y

* 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	0.05	--	0.05	0.02	--
1 Month LIBOR	0.09	(0.00)	0.10	0.12	0.15
3 Month LIBOR	0.12	(0.01)	0.14	0.19	0.25
6 Month LIBOR	0.16	0.00	0.16	0.22	0.31
1 Year LIBOR	0.23	(0.01)	0.24	0.31	0.45
6 Month CD	0.09	(0.13)	0.12	0.12	0.27
1 Year CMT	0.08	--	0.08	0.06	0.12
REPO O/N	0.06	0.03	0.07	0.05	0.10
REPO 1Wk	0.11	0.01	0.11	0.07	0.09
CoF Federal	0.785	--	0.806	0.925	1.158
11th D. CoF (Jun)	0.282	--	0.306	0.460	0.682

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	0.22	0.34	0.26
6mo	0.22	0.32	0.27
1yr	0.28	0.29	0.28
2yr	0.40	0.58	0.42
3yr	0.58	0.79	0.60
4yr	0.78	1.01	0.81
5yr	0.95	1.18	0.96
7yr	1.28	1.55	1.29
10yr	1.58	1.88	1.57
5yr Am	0.68		0.76
10yr Am	1.20		1.24

Fed Fund Futures	
Maturity	Rate
Aug-21	0.097
Sep-21	0.095
Oct-21	0.090
Nov-21	0.085
Dec-21	0.085
Jan-22	0.080
Feb-22	0.085
Mar-22	0.090
Apr-22	0.090
May-22	0.095
Jun-22	0.110

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
8/2	Markit US Manufacturing PMI	Jul F	63.1	63.4	63.1	--
8/2	Construction Spending MoM	Jun	0.4%	0.1%	-0.3%	-0.2%
8/2	ISM Manufacturing	Jul	61.0	59.5	60.6	--
8/2	ISM Prices Paid	Jul	89.0	85.7	92.1	--
8/2	ISM New Orders	Jul	64.2	64.9	66.0	--
8/2	ISM Employment	Jul	51.7	52.9	49.9	--
8/3	Factory Orders Ex Trans	Jun	--	1.4%	0.7%	1.0%
8/3	Durables Ex Transportation	Jun F	0.3%	0.5%	0.3%	--
8/3	Cap Goods Ship Nondef Ex Air	Jun F	--	0.6%	0.6%	--
8/3	Wards Total Vehicle Sales	Jul	15.10m	14.75m	15.36m	--
8/4	MBA Mortgage Applications	7/30	--	-1.7%	5.7%	7.0%
8/4	ADP Employment Change	Jul	690k	330k	692k	680k
8/4	Markit US Services PMI	Jul F	59.8	59.9	59.8	--
8/4	Markit US Composite PMI	Jul F	--	59.9	59.7	--
8/4	ISM Services Index	Jul	60.5	64.1	60.1	--
8/5	Challenger Job Cuts YoY	Jul	--	-92.8%	-88.0%	--
8/5	Trade Balance	Jun	-\$74.2b	-\$75.7b	-\$71.2b	-\$71.0b
8/5	Initial Jobless Claims	7/31	383k	385k	400k	399k
8/5	Continuing Claims	7/24	3255k	2930k	3269k	3296k
8/6	Change in Nonfarm Payrolls	Jul	870k	943k	850k	938k
8/6	Two-Month Payroll Net Revision	Jul	--	119k	--	--
8/6	Change in Private Payrolls	Jul	709k	703k	662k	769k
8/6	Change in Manufact. Payrolls	Jul	25k	27k	45k	39k
8/6	Unemployment Rate	Jul	5.7%	5.4%	5.9%	--
8/6	Average Hourly Earnings YoY	Jul	3.9%	4.0%	3.6%	3.7%
8/6	Average Weekly Hours All Employees	Jul	34.7	34.8	34.7	34.8
8/6	Labor Force Participation Rate	Jul	61.7%	61.7%	61.6%	--
8/6	Underemployment Rate	Jul	--	9.2%	9.8%	--
8/6	Wholesale Inventories MoM	Jun F	0.8%	1.1%	0.8%	--
8/6	Wholesale Trade Sales MoM	Jun	--	2.0%	0.8%	--
8/6	Consumer Credit	Jun	\$23.000b	--	\$35.281b	--
8/9	JOLTS Job Openings	Jun	9270k	--	9209k	--
8/10	NFIB Small Business Optimism	Jul	102.0	--	102.5	--
8/10	Nonfarm Productivity	2Q P	3.5%	--	5.4%	--
8/10	Unit Labor Costs	2Q P	0.9%	--	1.7%	--
8/11	CPI YoY	Jul	5.3%	--	5.4%	--
8/11	CPI Ex Food and Energy YoY	Jul	4.3%	--	4.5%	--
8/11	CPI Index NSA	Jul	272.94	--	271.70	--
8/11	CPI Core Index SA	Jul	279.53	--	278.14	--
8/11	Real Avg Weekly Earnings YoY	Jul	--	--	-1.4%	-1.0%
8/11	Real Avg Hourly Earning YoY	Jul	--	--	-1.7%	-1.6%
8/11	Monthly Budget Statement	Jul	-\$255.0b	--	-\$174.2b	--
8/12	PPI Final Demand YoY	Jul	7.1%	--	7.3%	--
8/12	PPI Ex Food and Energy YoY	Jul	5.6%	--	5.6%	--
8/12	PPI Ex Food, Energy, Trade YoY	Jul	--	--	5.5%	--
8/13	Import Price Index YoY	Jul	--	--	11.2%	--
8/13	Export Price Index YoY	Jul	--	--	16.8%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	16.0	24.8	27.0	27.6	29.3	21.4
FH/FN 15y	11.8	29.8	35.8	42.1	33.2	23.0
GN 15y	15.2	20.4	19.9	19.5	19.9	18.5
FH/FN 20y	54.1	24.2	28.6	28.9	30.0	23.7
FH/FN 30y	2.1	15.7	46.1	49.0	50.7	50.1
GN 30y	4.7	20.3	30.8	53.2	55.6	30.8
CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	17.9	18.9	19.4	20.6	21.7	20.3
FH/FN 15y	15.7	19.2	22.5	26.3	24.0	21.5
GN 15y	14.4	14.6	14.7	13.9	13.1	12.8
FH/FN 20y	14.9	17.5	16.9	17.1	17.1	16.7
FH/FN 30y	11.9	15.1	22.5	23.4	24.7	22.8
GN 30y	9.6	12.4	16.5	17.7	18.3	13.1

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	110.28	0.56	110.63	105.23	105.55
Euro	1.18	(0.01)	1.18	1.21	1.19
Dollar Index	92.67	0.50	92.55	91.04	92.79
Major Stock Indices					
Dow Jones	35,209	273	34,577	31,148	27,387
S&P 500	4,432.5	37.2	4,343.5	3,886.8	3,349.2
NASDAQ	14,849.6	177	14,663.6	13,856.3	11,108.1
Commodities					
Gold	1,761.7	(50.9)	1,794.2	1,810.9	2,051.5
Crude Oil	68.82	(5.13)	73.37	56.85	41.95
Natural Gas	4.16	0.25	3.64	2.86	2.17
Wheat	715.3	11.5	620.0	641.3	501.3
Corn	553.3	6.3	656.0	548.5	311.3

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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