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Even though football weather isn't quite here yet in this part of the country, I think we can all say that football is officially back! Tough loss for the Cowboys last night as Tom "Father Time" Brady got the ball back with too much time on the clock. This week brought a relatively low number of economic releases as we observed Labor Day on Monday and no releases were scheduled on Tuesday.

On Wednesday morning, job openings hit record high as employers struggle to find workers. Job openings jumped 749,000 to 10.9 million on the last day of July. It was the fifth straight month that job openings, which have been increasing since January, hit a record high. Additionally, layoffs rose moderately, suggesting last month's sharp slowdown in hiring was due to employers being unable to find workers rather than weak demand for labor. The shortage of labor supply may ease in the coming months with the recent expiration of the Federal unemployment benefits, however, soaring COVID-19 cases could cause some hesitation among some people to return the labor force.

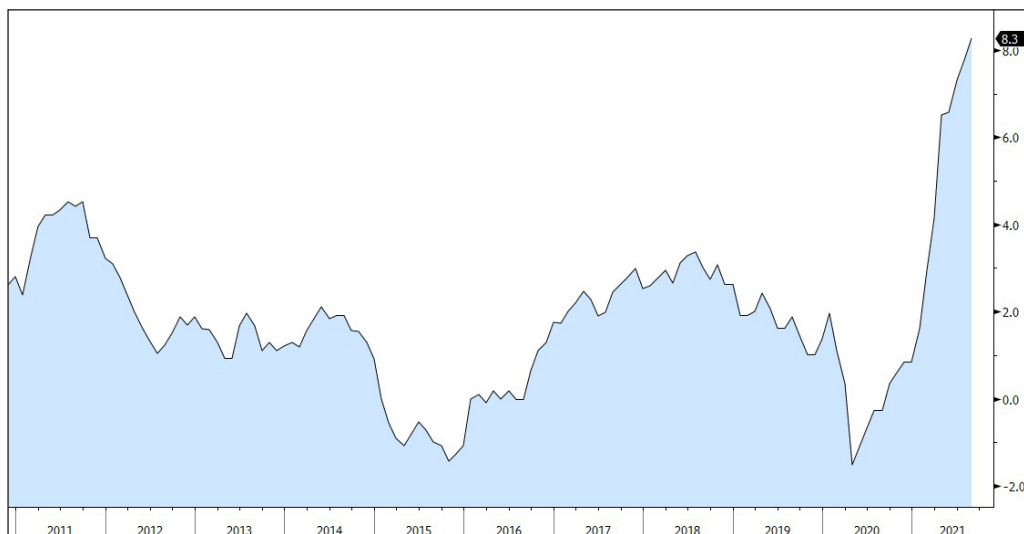
Thursday's initial jobless claims hit a new pandemic low of 310,000 for last week. The four-week moving average fell to 339,500, also a pandemic low. Claims have trended lower signaling employers are holding onto workers despite a rise in COVID cases. Continuing claims fell to 2.78 million, a drop of 22,000.

This morning's reading of the Producer Price Index 0.7% for the month, above the estimate of 0.6%, though below the 1% increase in July. On a year-over-year basis, the producer price index rose 8.3%, which is the largest annual increase since records have been kept going back to late 2010. The data comes during a time of heightened inflation fears fed by supply chain issues, a shortage of various consumer and producer goods and robust demand related to the pandemic. Taking a look at the market's this morning we see that treasury markets are seeing somewhat of a selloff, more so on the longer end of the curve. The 10-Year Treasury Yield currently sits at 1.33% and the Dow Jones Industrial Average is off 114 points.

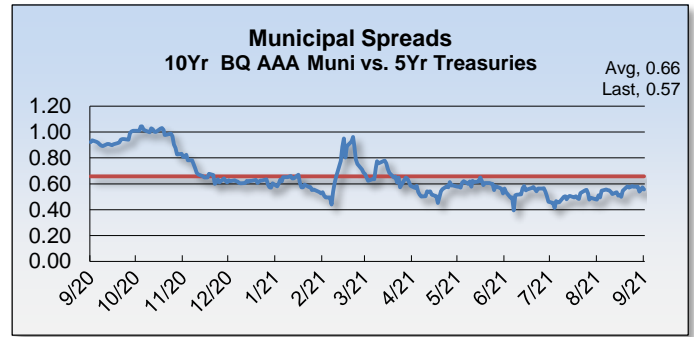
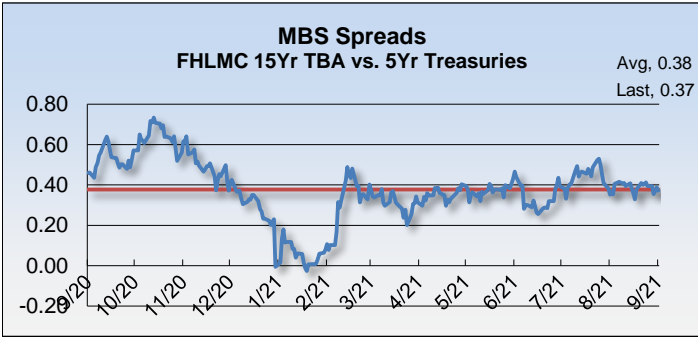
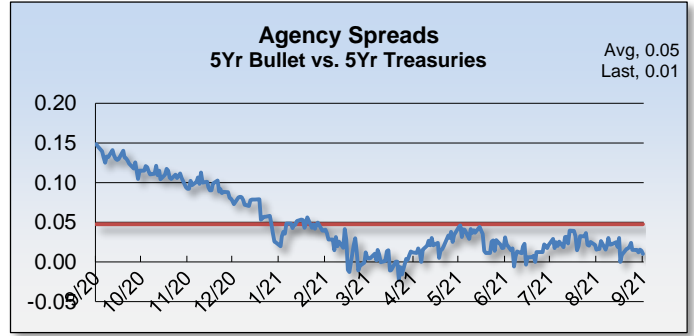
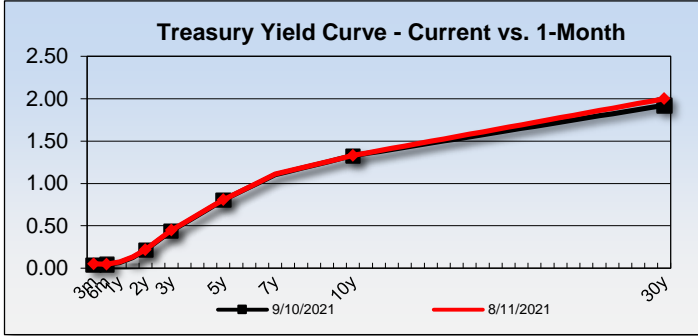
Next week's economic release calendar is much heavier than what we saw this week. Many eyes will be on Tuesday morning's release of the Consumer Price Index (CPI). Core CPI (excludes food and energy) is expected to have a monthly increase of 0.3% and headline CPI's increase is expected to be 0.5%. Next Thursday brings another weekly update of initial and continuing jobless claims in addition to retail sales data. Lastly, Friday brings the University of Michigan's Consumer Sentiment Index's monthly update.

Enjoy your first weekend of a full slate of college and professional football games!

Producer Price Index – Year over Year Change (%): 2011 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 | 0.04 | (0.00) | 0.05 | 0.04 | 0.11 | 2yr | 0.24 | 0.32 | 0.15 | 0.16 | 0.29 | 2Yr | 0.09 | 0.09 | 0.09 | - |
| 6mo | 0.05 | (0.00) | 0.05 | 0.05 | 0.12 | 3yr | 0.42 | 0.55 | 0.24 | 0.25 | 0.49 | 3Yr | 0.31 | 0.32 | 0.30 | 0.31 |
| 1yr | 0.07 | 0.01 | 0.07 | 0.08 | 0.13 | 5yr | 0.67 | 0.90 | 0.57 | 0.61 | 0.89 | 5Yr | 0.76 | 0.76 | 0.75 | 0.69 |
| 2yr | 0.21 | 0.01 | 0.24 | 0.15 | 0.14 | 7yr | 1.11 | 1.14 | 0.92 | 0.98 | 1.24 | 7Yr | 1.06 | 1.08 | 1.07 | 1.00 |
| 3yr | 0.44 | 0.03 | 0.45 | 0.33 | 0.18 | 10yr | 1.40 | 1.36 | 1.32 | 1.40 | 1.62 | 10Yr | 1.33 | 1.38 | 1.38 | 1.31 |
| 5yr | 0.80 | 0.02 | 0.83 | 0.79 | 0.27 | 15yr | 1.68 | 1.55 | 1.62 | 1.73 | 2.07 | October TBA MBS | | | | |
| 7yr | 1.10 | 0.01 | 1.13 | 1.20 | 0.47 | 20yr | 1.96 | 1.64 | 1.88 | 2.00 | 2.34 | Cpn | 15Yr -Yld/AL | | 30Yr -Yld/AL | |
| 10yr | 1.33 | 0.00 | 1.35 | 1.52 | 0.68 | 25yr | 2.24 | 1.67 | 2.01 | 2.14 | 2.39 | 2.00 | 1.02 | 3.9y | 1.76 | |
| 30yr | 1.92 | (0.02) | 2.00 | 2.24 | 1.42 | 30yr | | 1.67 | 2.14 | 2.28 | 2.44 | 2.50 | 0.91 | 3.1y | | |
| | | | | | | | | | | | | 3.00 | 0.96 | 2.8y | 1.65 | 4.0y |
| | | | | | | | | | | | | 3.50 | 0.62 | 2.5y | 1.74 | 3.8y |
| | | | | | | | | | | | | 4.00 | | | 1.81 | 3.7y |
| | | | | | | | | | | | | 4.50 | | | 2.05 | 3.9y |

* 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 | 0.08 | 0.00 | 0.10 | 0.11 | 0.16 |
| 3 Month LIBOR | 0.12 | (0.00) | 0.13 | 0.18 | 0.25 |
| 6 Month LIBOR | 0.15 | (0.00) | 0.15 | 0.20 | 0.30 |
| 1 Year LIBOR | 0.22 | (0.00) | 0.24 | 0.28 | 0.43 |
| 6 Month CD | 0.19 | (0.01) | 0.21 | 0.21 | 0.35 |
| 1 Year CMT | 0.07 | -- | 0.08 | 0.10 | 0.14 |
| REPO O/N | 0.06 | 0.01 | 0.06 | -0.02 | 0.14 |
| REPO 1Wk | 0.13 | (0.01) | 0.11 | 0.07 | 0.09 |
| CoF Federal | 0.780 | -- | 0.785 | 0.911 | 1.107 |
| 11th D. CoF (Jul) | 0.263 | -- | 0.282 | 0.457 | 0.653 |

| FHLB Fixed Advance Rates | | | |
|--------------------------|---------|--------|--------|
| Maturity | Chicago | Boston | Topeka |
| 3mo | 0.22 | 0.33 | 0.26 |
| 6mo | 0.22 | 0.32 | 0.26 |
| 1yr | 0.28 | 0.29 | 0.29 |
| 2yr | 0.41 | 0.58 | 0.44 |
| 3yr | 0.61 | 0.80 | 0.64 |
| 4yr | 0.83 | 1.03 | 0.87 |
| 5yr | 0.98 | 1.19 | 1.03 |
| 7yr | 1.32 | 1.57 | 1.37 |
| 10yr | 1.64 | 1.92 | 1.69 |
| 5yr Am | 0.70 | | 0.81 |
| 10yr Am | 1.25 | | 1.33 |

| Fed Fund Futures | |
|------------------|-------|
| Maturity | Rate |
| Sep-21 | 0.078 |
| Oct-21 | 0.075 |
| Nov-21 | 0.080 |
| Dec-21 | 0.080 |
| Jan-22 | 0.075 |
| Feb-22 | 0.080 |
| Mar-22 | 0.080 |
| Apr-22 | 0.080 |
| May-22 | 0.080 |
| Jun-22 | 0.090 |
| Jul-22 | 0.100 |

| Weekly Economic Calendar | | | | | | |
|--------------------------|---|-------|-----------|-----------|-----------|-----------|
| This Week & Next | | | | | | |
| Date | Release | Per. | Est. | Actual | Prior | Revised |
| 9/7 | U.S. Sells USD48 Bln 26-Week Bills; Hig | 1/0 | 0% | 0% | 0% | 0% |
| 9/7 | U.S. Sells USD51 Bln 13-Week Bills; Hig | 1/0 | 0% | 0% | 0% | 0% |
| 9/7 | U.S. Sells USD34 Bln 52-Week Bills; Hig | 1/0 | 0% | 0% | 0% | 0% |
| 9/7 | U.S. Sells USD45 Bln 21-Day CMB; Hig | 1/0 | 0% | 0% | 0% | 0% |
| 9/7 | U.S. Sells USD58 Bln 3-Year Notes; Hig | 1/0 | 0% | 0% | 0% | 0% |
| 9/8 | MBA Mortgage Applications | 9/3 | -- | -1.9% | -2.4% | -- |
| 9/8 | JOLTS Job Openings | Jul | 10049k | 10934k | 10073k | 10185k |
| 9/8 | Consumer Credit | Jul | \$25.000b | \$17.004b | \$37.690b | \$37.865b |
| 9/9 | Initial Jobless Claims | 9/4 | 335k | 310k | 340k | 345k |
| 9/9 | Continuing Claims | 8/28 | 2740k | 2783k | 2748k | 2805k |
| 9/9 | 8W High Yield Rate | 9/9 | -- | 0.07% | 0.07% | -- |
| 9/9 | 8W Bid/Cover Ratio | 9/9 | -- | 3.21 | 3.02 | -- |
| 9/9 | 8W Direct Accepted % | 9/9 | -- | 8.6% | 5.9% | -- |
| 9/9 | 8W Indirect Accepted % | 9/9 | -- | 38.9% | 30.0% | -- |
| 9/10 | PPI Final Demand MoM | Aug | 0.6% | 0.7% | 1.0% | -- |
| 9/10 | PPI Ex Food and Energy MoM | Aug | 0.6% | 0.6% | 1.0% | -- |
| 9/10 | PPI Ex Food, Energy, Trade MoM | Aug | 0.6% | 0.3% | 0.9% | -- |
| 9/10 | PPI Final Demand YoY | Aug | 8.2% | 8.3% | 7.8% | -- |
| 9/10 | PPI Ex Food and Energy YoY | Aug | 6.6% | 6.7% | 6.2% | -- |
| 9/10 | PPI Ex Food, Energy, Trade YoY | Aug | 6.3% | 6.3% | 6.1% | -- |
| 9/10 | Wholesale Inventories MoM | Jul F | 0.6% | 0.6% | 0.6% | -- |
| 9/10 | Wholesale Trade Sales MoM | Jul | -- | 2.0% | 2.0% | 2.3% |
| 9/13 | Monthly Budget Statement | Aug | -\$225.0b | -- | -\$200.0b | -- |
| 9/14 | NFIB Small Business Optimism | Aug | 99.0 | -- | 99.7 | -- |
| 9/14 | CPI MoM | Aug | 0.4% | -- | 0.5% | -- |
| 9/14 | CPI YoY | Aug | 5.3% | -- | 5.4% | -- |
| 9/14 | CPI Ex Food and Energy YoY | Aug | 4.2% | -- | 4.3% | -- |
| 9/14 | CPI Index NSA | Aug | 273.82 | -- | 273.00 | -- |
| 9/14 | CPI Core Index SA | Aug | 279.80 | -- | 279.05 | -- |
| 9/14 | Real Avg Hourly Earning YoY | Aug | -- | -- | -1.2% | -- |
| 9/14 | Real Avg Weekly Earnings YoY | Aug | -- | -- | -0.7% | -0.9% |
| 9/15 | Empire Manufacturing | Sep | 17.0 | -- | 18.3 | -- |
| 9/15 | Import Price Index YoY | Aug | 9.4% | -- | 10.2% | -- |
| 9/15 | Export Price Index MoM | Aug | 0.4% | -- | 1.3% | -- |
| 9/15 | Export Price Index YoY | Aug | -- | -- | 17.2% | -- |
| 9/15 | Industrial Production MoM | Aug | 0.3% | -- | 0.9% | -- |
| 9/15 | Capacity Utilization | Aug | 76.3% | -- | 76.1% | -- |
| 9/15 | Manufacturing (SIC) Production | Aug | 0.4% | -- | 1.4% | -- |
| 9/16 | Retail Sales Advance MoM | Aug | -0.9% | -- | -1.1% | -- |
| 9/16 | Retail Sales Ex Auto MoM | Aug | -0.2% | -- | -0.4% | -- |
| 9/16 | Philadelphia Fed Business Outlook | Sep | 18.9 | -- | 19.4 | -- |
| 9/16 | Retail Sales Ex Auto and Gas | Aug | -0.2% | -- | -0.7% | -- |
| 9/16 | Retail Sales Control Group | Aug | -0.2% | -- | -1.0% | -- |
| 9/16 | Business Inventories | Jul | 0.5% | -- | 0.8% | -- |
| 9/16 | Total Net TIC Flows | Jul | -- | -- | \$31.5b | -- |
| 9/16 | Net Long-term TIC Flows | Jul | -- | -- | \$110.9b | -- |
| 9/17 | U. of Mich. Sentiment | Sep P | 72.5 | -- | 70.3 | -- |

| MBS Prepayments ⁴ | | | | | | |
|------------------------------|------|------|------|------|------|------|
| 3-Month CPR | | | | | | |
| Type | 2.0 | 2.5 | 3.0 | 3.5 | 4.0 | 4.5 |
| FN 10y | 16.6 | 25.6 | 27.3 | 27.3 | 30.3 | 18.0 |
| FH/FN 15y | 12.6 | 30.6 | 35.9 | 41.1 | 32.7 | 23.8 |
| GN 15y | 19.6 | 21.4 | 21.2 | 20.0 | 20.1 | 19.4 |
| FH/FN 20y | 55.2 | 25.1 | 28.5 | 28.6 | 29.5 | 24.4 |
| FH/FN 30y | 8.6 | 16.9 | 44.9 | 48.2 | 49.1 | 49.6 |
| GN 30y | 7.4 | 19.8 | 31.3 | 53.7 | 54.4 | 30.4 |
| CPR Projections | | | | | | |
| Type | 2.0 | 2.5 | 3.0 | 3.5 | 4.0 | 4.5 |
| FN 10y | 17.8 | 18.7 | 19.4 | 20.5 | 21.6 | 20.2 |
| FH/FN 15y | 15.7 | 18.9 | 22.1 | 25.9 | 23.7 | 21.5 |
| GN 15y | 14.3 | 14.4 | 14.4 | 13.6 | 12.8 | 12.5 |
| FH/FN 20y | 14.7 | 17.1 | 16.7 | 16.9 | 16.9 | 16.5 |
| FH/FN 30y | 11.6 | 14.6 | 21.5 | 22.3 | 23.4 | 21.9 |
| GN 30y | 9.1 | 12.1 | 17.2 | 16.4 | 16.8 | 12.7 |

| Other Markets | | | | | |
|----------------------------|----------|----------|------------|----------|----------|
| Index | Current | 1Wk Chng | Historical | | |
| | | | 1 Mo | 6 Mo | 1 Yr |
| Currencies | | | | | |
| Japanese Yen | 109.85 | 0.14 | 110.57 | 108.38 | 106.13 |
| Euro | 1.18 | (0.00) | 1.17 | 1.19 | 1.18 |
| Dollar Index | 92.42 | 0.20 | 93.06 | 91.82 | 93.34 |
| Major Stock Indices | | | | | |
| Dow Jones | 34,798 | (645) | 35,265 | 32,297 | 27,535 |
| S&P 500 | 4,495.7 | (41.2) | 4,436.8 | 3,898.8 | 3,339.2 |
| NASDAQ | 15,245.4 | (86) | 14,788.1 | 13,068.8 | 10,919.6 |
| Commodities | | | | | |
| Gold | 1,794.4 | (15.0) | 1,728.8 | 1,721.8 | 1,956.0 |
| Crude Oil | 69.74 | (0.25) | 68.29 | 64.44 | 37.30 |
| Natural Gas | 4.98 | 0.34 | 4.09 | 2.69 | 2.32 |
| Wheat | 675.0 | -29.0 | 727.0 | 650.8 | 540.0 |
| Corn | 496.0 | -20.3 | 549.3 | 547.8 | 357.3 |

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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