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Happy Friday everyone! I hope everyone is safe, healthy and warm on this cold January day. With the Monday Holiday to celebrate Dr. Martin Luther King Jr., this week's economic release calendar was rather light.

On Wednesday, housing starts data for December was released. Privately built housing starts were at an annual rate of 1.7 million, an increase of 1.4% from November. The housing market continues to be red hot and new home building continues to be a big part of that. Builders ramped up the pace of construction in 2021 to attempt to meet the housing demand. Cost of new homes show no signs of decreasing with rising lumber prices and worker wages adding to the overall cost.

On Thursday, December's existing home sales data showed a 4.6% drop as supply of homes hit a record low. There were just 910,000 homes for sales at the end of December, a drop of 14.2% from a year prior. Sales would have likely been stronger if it were not for an incredible low supply of homes. Low inventory continues to put pressure on home prices as the median price of an existing home sold in December was \$358,000, an increase of 15.8% from a year prior.

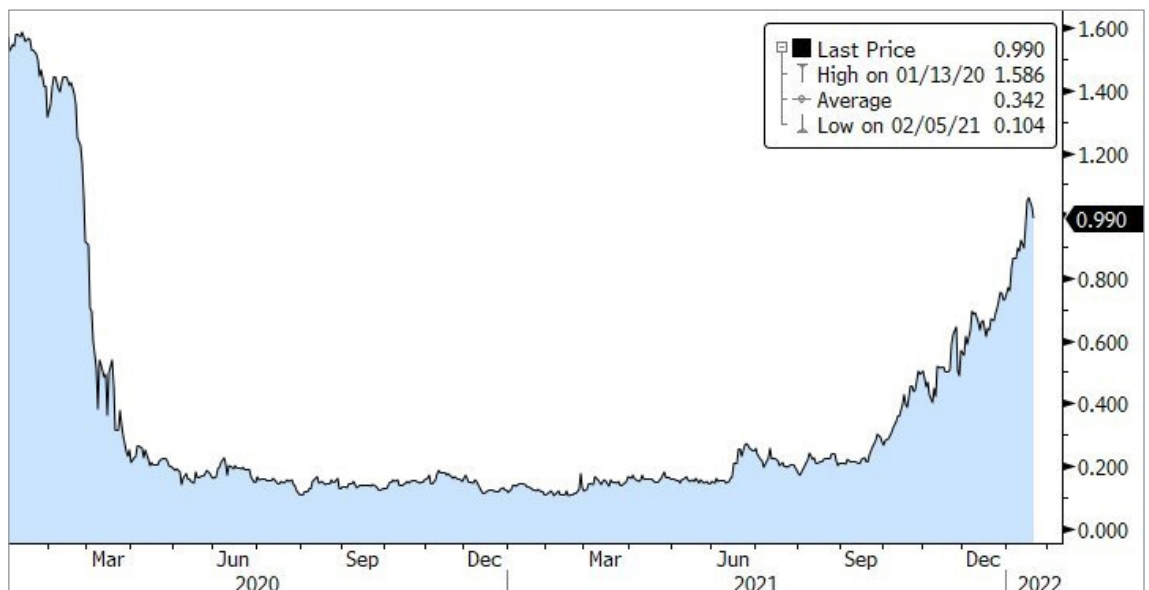
Thursday also brought about the weekly initial jobless claims that has been closely tracked by many since the start of the pandemic in early 2020. Initial jobless claims totaled 286,000 for the week ended January 15th, well above the 225,000 estimates. This week's jobless claims number was the higher since mid-October 2021. Has the wintertime omicron surge affected the employment picture? It is possible, but we will stay tuned to the next several weeks of jobless claim data to see if there is a trend.

Next week's economic release calendar bring a significant number of releases as well as a statement from the Federal Open Market Committee as they will conclude their first meeting of 2022 on Wednesday. Will the Fed raise interest rates during the current COVID surge we are experiencing? Tune in next week! Other key releases next week include the first or advance release of Gross Domestic Product for the 4th quarter of 2021 (estimates are for a 5.3% increase), income and spending data, and personal consumption expenditure inflation data.

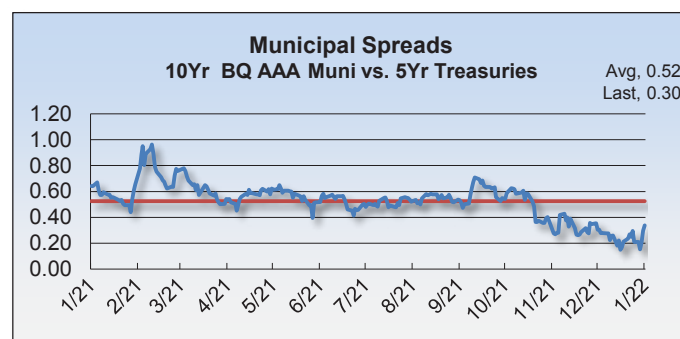
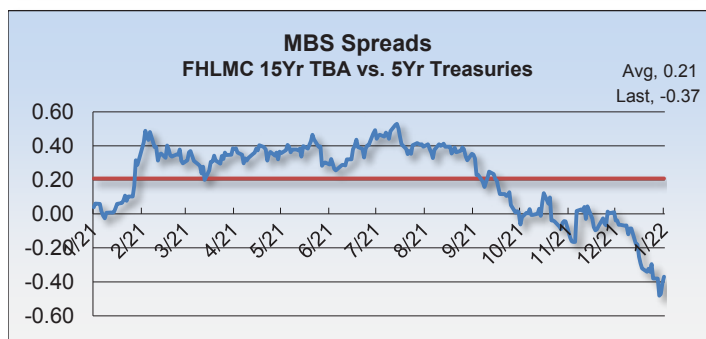
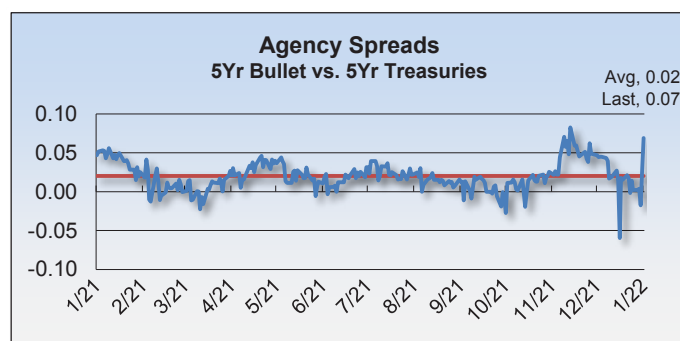
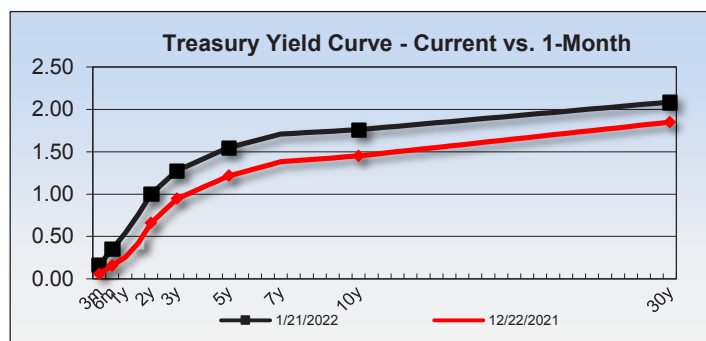
Both equity and treasury markets had their fair share of volatility this week. The 10-year Treasury Yield hit a recent high of 1.86% earlier this week and has rallied some since then and is currently sitting at a 1.74% yield. The 2-year Treasury Yield snuck above 1% earlier this week and currently sits just below 1%. The Dow Jones Industrial Average is off about a half of percent this morning and is down about 1,000 points on the week. Some technology stocks like Netflix have recently reporting earnings. Netflix had a disappointing quarterly report and is the latest setback for technology investors. Are people not enjoying Cobra Kai Season 4? Are they eagerly waiting for the new season of Ozark to be released? Stay tuned!

In the wise words of Lester... be careful out there!

2-Year Treasury Yield – January 2020 to Present



Source: Bloomberg, L.P.



Treasury Market -- Historical						Fixed Rate Market										
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Mty	Agency Calls - Euro			
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³			3Mo	6mo	1Yr	2Yr
3mo	0.16	0.04	0.06	0.05	0.07	2yr	1.03	1.19	0.78	0.83	1.21	2Yr	1.00	1.00	1.00	-
6mo	0.35	0.06	0.16	0.05	0.09	3yr	1.30	1.44	0.98	1.04	1.43	3Yr	1.28	1.29	1.20	1.28
1yr	0.54	0.05	0.26	0.07	0.10	5yr	1.60	1.64	1.27	1.36	1.87	5Yr	1.63	1.63	1.62	1.56
2yr	1.00	0.03	0.67	0.21	0.12	7yr	1.76	1.74	1.58	1.68	2.08	7Yr	1.79	1.81	1.81	1.74
3yr	1.28	0.01	0.95	0.39	0.23	10yr	1.93	1.82	1.79	1.91	2.33	10Yr	1.89	1.95	1.94	1.88
5yr	1.55	(0.01)	1.22	0.74	0.45	15yr	2.10	1.91	1.96	2.09	2.62	February TBA MBS				
7yr	1.71	(0.02)	1.39	1.04	0.78	20yr	2.26	1.95	2.17	2.31	2.68	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	1.76	(0.03)	1.46	1.29	1.11	25yr	2.43	1.93	2.29	2.44	2.74	2.00	1.85	4.6y	2.34	
30yr	2.09	(0.04)	1.86	1.94	1.87	30yr		1.90	2.41	2.56	2.79	2.50	1.78	3.5y		
												3.00	1.75	3.2y	2.37	4.0y
												3.50	1.96	3.2y	2.06	3.4y
												4.00			2.08	3.4y
												4.50			2.22	3.4y

* 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	0.04	(0.01)	0.04	0.05	--
1 Month LIBOR	0.11	0.00	0.10	0.09	0.13
3 Month LIBOR	0.26	0.02	0.21	0.14	0.22
6 Month LIBOR	0.45	0.05	0.32	0.15	0.24
1 Year LIBOR	0.80	0.08	0.53	0.24	0.32
6 Month CD	0.38	0.04	0.27	0.21	0.18
1 Year CMT	0.60	0.13	0.27	0.08	0.10
REPO O/N	0.03	--	0.03	0.05	0.05
REPO 1Wk	0.17	0.08	0.13	0.11	0.08
CoF Federal	0.738	--	0.749	0.806	0.958
11th D. CoF (Nov)	0.218	--	0.225	0.306	0.466

FHLB Fixed Advance Rates				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	0.37	0.46	0.37	Jan-22	0.080
6mo	0.53	0.63	0.59	Feb-22	0.090
1yr	0.81	0.82	0.80	Mar-22	0.210
2yr	1.22	1.40	1.28	Apr-22	0.340
3yr	1.47	1.66	1.57	May-22	0.450
4yr	1.62	1.82	1.72	Jun-22	0.560
5yr	1.75	1.94	1.86	Jul-22	0.655
7yr	1.93	2.16	2.05	Aug-22	0.735
10yr	2.16	2.40	2.27	Sep-22	0.775
5yr Am	1.48		1.65	Oct-22	0.870
10yr Am	1.88		2.02	Nov-22	0.940

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
1/18	Empire Manufacturing	Jan	25.0	-0.7	31.9	--
1/18	NAHB Housing Market Index	Jan	84	83	84	--
1/18	Net Long-term TIC Flows	Nov	--	\$137.4b	\$7.1b	--
1/18	Total Net TIC Flows	Nov	--	\$223.9b	\$143.0b	\$139.3b
1/19	MBA Mortgage Applications	1/14	--	2.3%	1.4%	--
1/19	Housing Starts	Dec	1650k	1702k	1679k	1678k
1/19	Building Permits	Dec	1703k	1873k	1712k	1717k
1/19	Housing Starts MoM	Dec	-1.7%	1.4%	1.8%	8.1%
1/19	Building Permits MoM	Dec	-0.8%	9.1%	3.6%	3.9%
1/20	Initial Jobless Claims	1/15	225k	286k	230k	231k
1/20	Continuing Claims	1/8	1563k	1635k	1559k	1551k
1/20	Philadelphia Fed Business Outlook	Jan	19.0	23.2	15.4	--
1/20	Existing Home Sales	Dec	6.42m	6.18m	6.46m	6.48m
1/21	Leading Index	Dec	0.8%	0.8%	1.4%	0.7%
1/24	Chicago Fed Nat Activity Index	Dec	--	--	37.0%	--
1/24	Markit US Manufacturing PMI	Jan P	56.8	--	57.7	--
1/24	Markit US Services PMI	Jan P	54.8	--	57.6	--
1/24	Markit US Composite PMI	Jan P	--	--	57.0	--
1/25	FHFA House Price Index MoM	Nov	1.1%	--	1.1%	--
1/25	S&P CoreLogic CS 20-City MoM SA	Nov	0.94%	--	0.92%	--
1/25	S&P CoreLogic CS 20-City YoY NSA	Nov	18.20%	--	18.41%	--
1/25	S&P CoreLogic CS US HPI YoY NSA	Nov	--	--	19.08%	--
1/25	Conf. Board Consumer Confidence	Jan	112.0	--	115.8	--
1/25	Conf. Board Expectations	Jan	--	--	96.9	--
1/25	Conf. Board Present Situation	Jan	--	--	144.1	--
1/25	Richmond Fed Manufact. Index	Jan	14.0	--	16.0	--
1/26	Advance Goods Trade Balance	Dec	-\$96.0b	--	-\$97.8b	-\$98.0b
1/26	Wholesale Inventories MoM	Dec P	1.3%	--	1.4%	--
1/26	Retail Inventories MoM	Dec	--	--	2.0%	--
1/26	New Home Sales	Dec	765k	--	744k	--
1/26	FOMC Rate Decision (Upper Bound)	1/26	0.25%	--	0.25%	--
1/26	Interest on Reserve Balances Rate	1/27	0.15%	--	0.15%	--
1/27	Durables Ex Transportation	Dec P	0.4%	--	0.9%	--
1/27	Cap Goods Orders Nondef Ex Air	Dec P	0.2%	--	0.0%	--
1/27	GDP Annualized QoQ	4Q A	5.3%	--	2.3%	--
1/27	Cap Goods Ship Nondef Ex Air	Dec P	0.2%	--	0.3%	--
1/27	Personal Consumption	4Q A	3.4%	--	2.0%	--
1/27	GDP Price Index	4Q A	6.0%	--	6.0%	--
1/27	Core PCE QoQ	4Q A	4.8%	--	4.6%	--
1/28	Employment Cost Index	4Q	1.2%	--	1.3%	--
1/28	Personal Income	Dec	0.5%	--	0.4%	--
1/28	Real Personal Spending	Dec	-1.1%	--	0.0%	--
1/28	PCE Deflator YoY	Dec	5.8%	--	5.7%	--
1/28	PCE Core Deflator YoY	Dec	4.8%	--	4.7%	--
1/28	U. of Mich. Sentiment	Jan F	68.8	--	68.8	--
1/28	U. of Mich. Current Conditions	Jan F	--	--	73.2	--
1/28	U. of Mich. 1 Yr Inflation	Jan F	--	--	4.9%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	15.4	23.9	24.7	25.4	23.4	13.1
FH/FN 15y	11.6	27.5	29.0	34.7	30.6	22.7
GN 15y	19.5	18.2	19.7	18.9	19.7	19.5
FH/FN 20y	55.3	23.0	25.1	24.9	26.5	21.6
FH/FN 30y	1.8	15.4	39.8	42.2	45.0	46.6
GN 30y	4.1	17.0	41.0	42.0	38.8	26.3
CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	16.1	17.7	18.5	19.1	20.2	20.2
FH/FN 15y	13.1	15.8	16.6	18.4	20.3	21.4
GN 15y	13.8	13.0	13.5	13.3	12.7	12.2
FH/FN 20y	55.8	12.9	12.6	12.8	13.8	15.4
FH/FN 30y	9.7	11.7	21.0	23.4	24.6	24.6
GN 30y	9.4	10.2	15.7	15.9	16.5	13.4

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	113.66	(0.53)	114.10	110.29	103.50
Euro	1.13	(0.01)	1.13	1.18	1.22
Dollar Index	95.60	0.81	96.49	92.75	90.13
Major Stock Indices					
Dow Jones	34,766	(1,348)	35,493	34,798	31,176
S&P 500	4,455.9	(203.1)	4,649.2	4,358.7	3,853.1
NASDAQ	14,080.7	(726)	15,341.1	14,632.0	13,530.9
Commodities					
Gold	1,834.2	12.8	1,787.9	1,803.4	1,865.9
Crude Oil	85.23	3.11	71.12	70.30	53.13
Natural Gas	3.91	(0.36)	3.87	3.96	2.49
Wheat	782.8	36.0	799.0	710.8	660.8
Corn	612.3	24.8	598.3	571.8	524.3

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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