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### UPCOMING EVENTS

#### Banks

##### Seminar:

Bismarck, ND  
 Jul 25, 2023

Springfield, IL  
 Aug 7, 2023

Stevens Point, WI  
 Aug 29, 2023

Oklahoma City, OK  
 Oct 18-20, 2023

#### Credit Unions

##### CU Seminar:

Philadelphia, PA  
 Sep 27, 2023

Dallas, TX  
 Nov 9, 2023

##### CU School:

CU ALM School  
 Aug 23-24, 2023

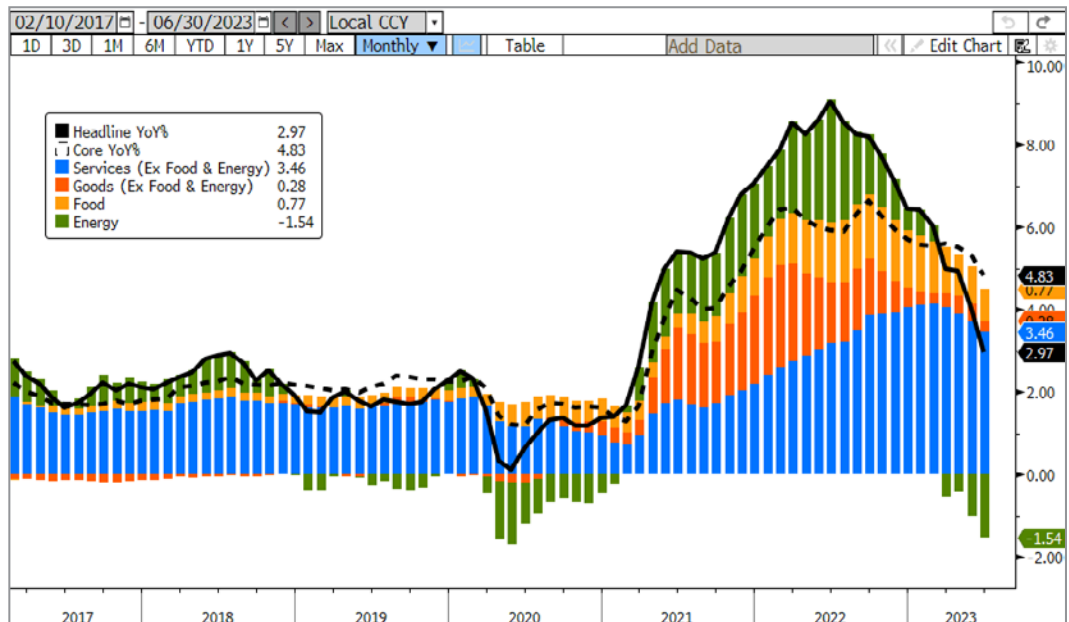
#### Bank & Credit Unions

ALM School  
 Aug 8-9, 2023

On the heels of last week's strong-jobs-numbers-induced selloff, rates markets were looking for some evidence of disinflation this week to counter the strength of the labor market...and they got it. The US inflation rate, as measured by the Consumer Price Index (CPI), fell to a more than two-year low in June. At +3.0% (vs. +3.1% consensus), CPI is now less than a third of the four decade high it hit this time last year (+9.1%).

The details of the report were also better than expected with several key measures of underlying inflation coming in below forecasts. Core CPI, which excludes food and energy, rose just +4.8% from a year ago vs. estimates of +5.0%. Super Core CPI, which is services less housing, is of particular interest to the Fed and it fell to +4.0%, the lowest level since December 2021. The owners' equivalent rent component, which has been stubbornly high, also showed the smallest increase since the end of 2021, suggesting the housing slowdown is finally beginning to feed into inflation.

The one downside of the June reading is it is the last month that will benefit from the "base effect". By definition, year-on-year change in CPI depends on the value of the CPI 12 months earlier. June 2022 was the peak in inflation so starting next month, the YoY comparison will begin to include lower rates of inflation.



Source: Bloomberg, L.P.

(Continued)



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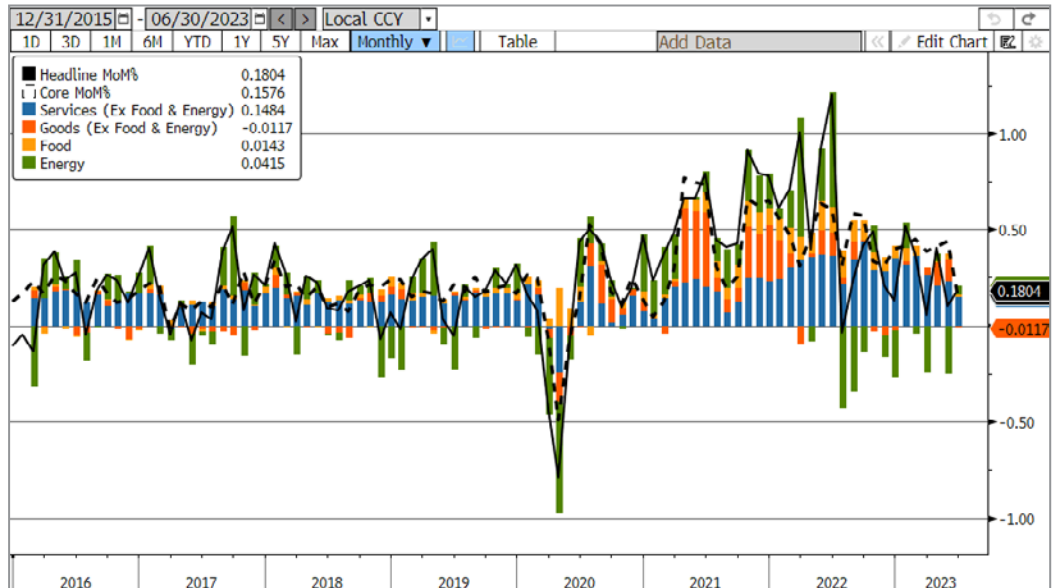
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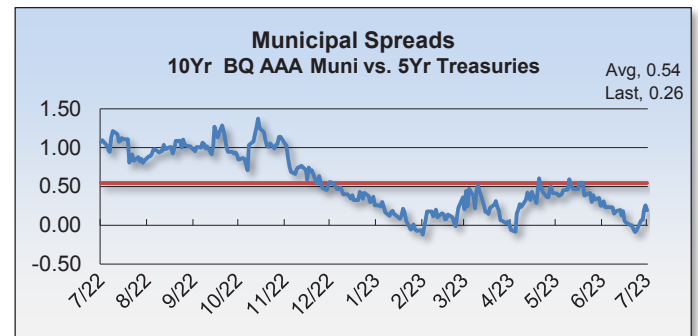
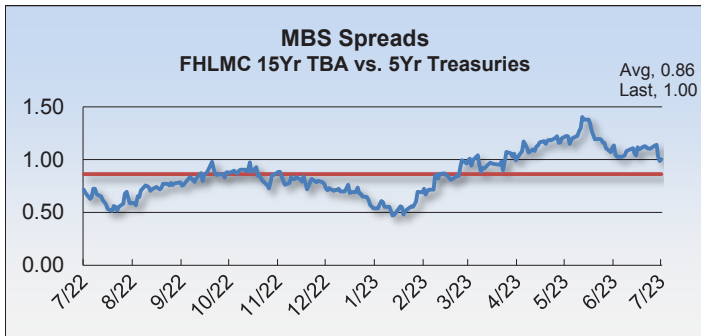
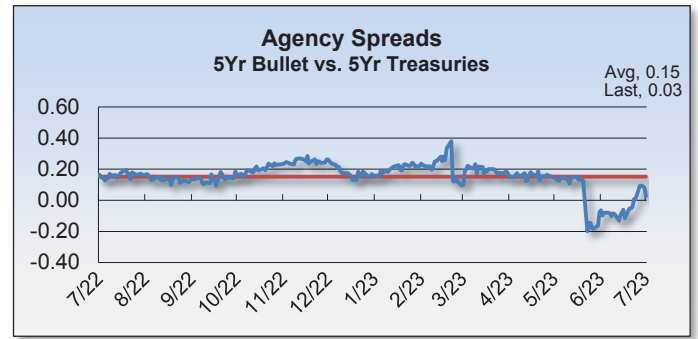
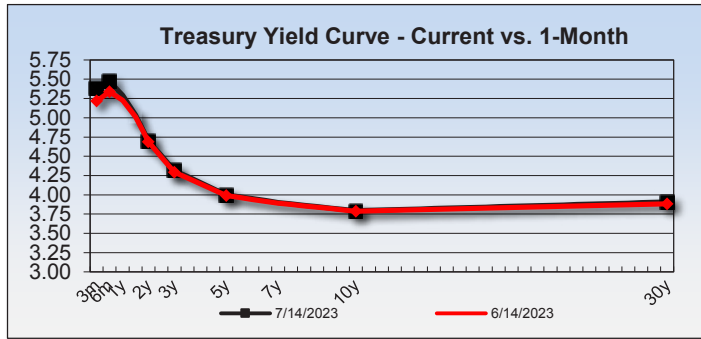


Source: Bloomberg, L.P.

Thursday's Producer Price Index (PPI) brought us another better-than-expected inflation report. PPI final demand rose just +0.1% YoY vs. estimates of +0.4%, the smallest annual increase since August 2020 and very close to deflation territory. PPI is a family of indexes that measures the average change in selling prices received by producers of goods and services so it tends to be a good leading indicator for the trajectory of consumer prices.

Fueled by signs of ebbing inflation, rates sharply recoiled over the course of the week. The two- and 10-year Treasury yields fell back well below their 5% and 4% thresholds. As of this morning, the 2-year UST was down 23bps to 4.7% and the 10-year UST was down 27bps to 3.8%. No one can claim with certainty that the inflation fight is all behind us but markets clearly believe that policy tightening is in its last lap. The Fed is widely expected to ratchet rates up another 25bps later this month and futures are 96% confident in that outcome. However, the prevailing sense in futures markets now is that that a July 26th hike to 5.5% could be the last in a while. CME's FedWatch tool is showing less than a quarter of a percent chance that we end the year above there.

Next week will be a test of resolve to see if markets can maintain their optimism and the data can support it. Focus will be on Retail Sales and a slew of housing related releases as well as any comments from Fed speakers who are largely staying on message about two more rate hikes coming, despite what markets think.



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	5.38	0.01	5.24	4.60	2.35	2yr	4.79	5.10	4.06	4.32	4.70	2Yr	5.50	5.50	5.50	-
6mo	5.47	(0.00)	5.35	4.78	2.86	3yr	4.40	4.68	3.88	4.13	4.55	3Yr	5.11	5.12	5.10	5.11
1yr	5.29	(0.12)	5.24	4.68	3.13	5yr	4.09	4.22	3.64	3.87	4.24	5Yr	4.88	4.88	4.87	4.81
2yr	4.70	(0.25)	4.69	4.24	3.14	7yr	4.08	4.01	3.57	3.80	4.38	7Yr	4.79	4.81	4.80	4.73
3yr	4.31	(0.35)	4.29	3.90	3.11	10yr	4.09	3.86	3.63	3.86	4.36	10Yr	4.73	4.79	4.78	4.72
5yr	4.00	(0.36)	3.99	3.61	3.07	15yr	4.10	3.79	4.33	4.60	4.56	August TBA MBS				
7yr	3.90	(0.33)	3.90	3.56	3.05	20yr	4.12	3.72	4.61	4.90	4.93	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	3.79	(0.27)	3.79	3.51	2.96	25yr	4.14	3.60	4.76	5.07	4.99	2.50	5.14	5.5y	4.59	
30yr	3.91	(0.14)	3.88	3.61	3.11	30yr	4.14	3.48	4.91	5.23	5.04	3.00	5.13	5.6y	4.90 10.3y	
												3.50	4.89	5.6y	4.97 9.9y	
												4.00	4.81	5.5y	5.09 9.5y	
												4.50			5.29 8.6y	
												5.00				

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.25	--	5.25	4.50	1.75
Primary Discount	5.25	--	5.25	4.50	1.75
2ndary Discount	5.75	--	5.75	5.00	2.25
Prime Rate	8.25	--	8.25	7.50	4.75
Sec. O.N. Finance	5.06	--	5.05	4.30	--
1 Month LIBOR	5.32	0.06	5.22	4.46	1.97
3 Month LIBOR	5.57	0.03	5.56	4.83	2.48
6 Month LIBOR	5.84	0.03	5.64	5.13	3.06
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.68	(0.09)	5.52	4.97	3.50
1 Year CMT	5.27	(0.17)	5.26	4.69	3.21
REPO O/N	5.13	--	5.10	4.34	1.54
REPO 1Wk	5.14	0.00	5.11	4.45	1.68
CoF Federal	3.460	--	3.302	2.568	1.096
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.50	5.58	5.54
6mo	5.60	5.63	5.65
1yr	5.40	5.45	5.60
2yr	4.79	5.35	4.96
3yr	4.46	4.96	4.58
4yr	4.32	4.74	4.45
5yr	4.14	4.48	4.23
7yr	4.29	4.54	4.38
10yr	4.38	4.62	4.47
5yr Am	4.15		4.60
10yr Am	4.21		4.54

Fed Fund Futures		
Maturity	Rate	
Jul-23	5.110	
Aug-23	5.300	
Sep-23	5.310	
Oct-23	5.330	
Nov-23	5.380	
Dec-23	5.340	
Jan-24	5.315	
Feb-24	5.190	
Mar-24	5.125	
Apr-24	5.000	
May-24	4.800	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
7/10	Wholesale Inventories MoM	May F	-0.1%	0.0%	-0.1%	--
7/10	Wholesale Trade Sales MoM	May	0.3%	-0.2%	<del>0.2%</del>	0.0%
7/10	Consumer Credit	May	\$20.000b	\$7.240b	<del>\$23.040b</del>	\$20.323b
7/11	NFIB Small Business Optimism	Jun	89.9	91.0	89.4	--
7/12	MBA Mortgage Applications	7/7	--	0.9%	-4.4%	--
7/12	CPI MoM	Jun	0.3%	0.2%	0.1%	--
7/12	CPI Ex Food and Energy MoM	Jun	0.3%	0.2%	0.4%	--
7/12	CPI YoY	Jun	3.1%	3.0%	4.0%	--
7/12	CPI Ex Food and Energy YoY	Jun	5.0%	4.8%	5.3%	--
7/12	CPI Index NSA	Jun	305.29	305.11	304.13	--
7/12	CPI Core Index SA	Jun	308.66	308.31	307.82	--
7/12	Real Avg Hourly Earning YoY	Jun	--	1.2%	0.2%	--
7/12	Real Avg Weekly Earnings YoY	Jun	--	0.6%	<del>-0.7%</del>	-0.6%
7/13	PPI Final Demand MoM	Jun	0.2%	0.1%	<del>-0.3%</del>	-0.4%
7/13	PPI Ex Food and Energy MoM	Jun	0.2%	0.1%	<del>0.2%</del>	0.1%
7/13	PPI Ex Food, Energy, Trade MoM	Jun	0.1%	0.1%	0.0%	--
7/13	PPI Final Demand YoY	Jun	0.4%	0.1%	<del>1.1%</del>	0.9%
7/13	PPI Ex Food and Energy YoY	Jun	2.6%	2.4%	<del>2.8%</del>	2.6%
7/13	PPI Ex Food, Energy, Trade YoY	Jun	2.6%	2.6%	2.8%	--
7/13	Initial Jobless Claims	7/8	250k	237k	<del>248k</del>	249k
7/13	Continuing Claims	7/1	1720k	1729k	<del>1720k</del>	1718k
7/13	Monthly Budget Statement	Jun	-\$205.0b	-\$227.8b	-\$88.8b	--
7/14	Import Price Index MoM	Jun	-0.1%	-0.2%	<del>-0.6%</del>	-0.4%
7/14	Import Price Index ex Petroleum MoM	Jun	-0.2%	-0.3%	-0.2%	--
7/14	Import Price Index YoY	Jun	-6.1%	-6.1%	<del>-5.9%</del>	-5.7%
7/14	Export Price Index MoM	Jun	-0.1%	-0.9%	-1.9%	--
7/14	Export Price Index YoY	Jun	-11.0%	-12.0%	<del>-10.1%</del>	-10.2%
7/14	U. of Mich. Sentiment	Jul P	65.5	72.6	64.4	--
7/14	U. of Mich. Current Conditions	Jul P	70.5	77.5	69.0	--
7/14	U. of Mich. Expectations	Jul P	62.0	69.4	61.5	--
7/14	U. of Mich. 1 Yr Inflation	Jul P	3.1%	3.4%	3.3%	--
7/14	U. of Mich. 5-10 Yr Inflation	Jul P	3.0%	3.1%	3.0%	--
7/17	Empire Manufacturing	Jul	-3.4	--	6.6	--
7/18	Retail Sales Ex Auto and Gas	Jun	0.3%	--	0.4%	--
7/18	Retail Sales Control Group	Jun	0.3%	--	0.2%	--
7/18	Industrial Production MoM	Jun	0.1%	--	-0.2%	--
7/18	Capacity Utilization	Jun	79.5%	--	79.6%	--
7/18	Manufacturing (SIC) Production	Jun	0.1%	--	0.1%	--
7/18	Business Inventories	May	0.2%	--	0.2%	--
7/18	NAHB Housing Market Index	Jul	57	--	55	--
7/18	Net Long-term TIC Flows	May	--	--	\$127.8b	--
7/18	Total Net TIC Flows	May	--	--	\$48.4b	--
7/19	Housing Starts	Jun	1470k	--	1631k	--
7/19	Building Permits	Jun	1499k	--	<del>1491k</del>	1496k
7/20	Philadelphia Fed Business Outlook	Jul	-10.4	--	-13.7	--
7/20	Existing Home Sales	Jun	4.22m	--	4.30m	--
7/20	Leading Index	Jun	-0.6%	--	-0.7%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	11.9	13.9	13.1	12.8	17.0	16.5
FH/FN 15y	6.7	7.6	8.9	13.5	15.2	22.3
GN 15y	12.2	14.4	16.8	20.3	20.6	26.1
FH/FN 20y	5.5	6.7	7.8	8.2	9.7	12.6
FH/FN 30y	4.5	7.0	6.1	6.7	8.0	9.8
GN 30y	5.3	6.7	9.1	8.8	7.3	7.4
CPR Projections						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	14.7	15.0	14.9	13.4	10.6	11.0
FH/FN 15y	7.9	7.8	7.9	11.5	15.8	18.1
GN 15y	7.3	7.5	7.6	8.4	9.6	11.1
FH/FN 20y	6.4	7.2	7.7	8.3	9.4	10.3
FH/FN 30y	5.2	5.6	5.9	6.7	7.7	8.9
GN 30y	5.4	6.3	6.4	6.5	7.2	6.8

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	138.97	(3.24)	140.09	128.58	138.96
Euro	1.12	0.03	1.08	1.08	1.00
Dollar Index	99.77	(2.51)	102.95	102.20	108.54
<b>Major Stock Indices</b>					
Dow Jones	34,565	830	33,979	34,303	30,630
S&P 500	4,524.6	125.6	4,372.6	3,999.1	3,790.4
NASDAQ	14,188.9	528	13,626.5	11,079.2	11,251.2
<b>Commodities</b>					
Gold	1,964.7	32.2	1,968.9	1,921.7	1,705.8
Crude Oil	76.54	2.68	68.27	79.86	95.78
Natural Gas	2.58	0.00	2.34	3.42	6.60
Wheat	644.8	-4.8	630.3	743.8	795.0
Corn	496.0	8.8	607.8	675.0	605.0

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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