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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

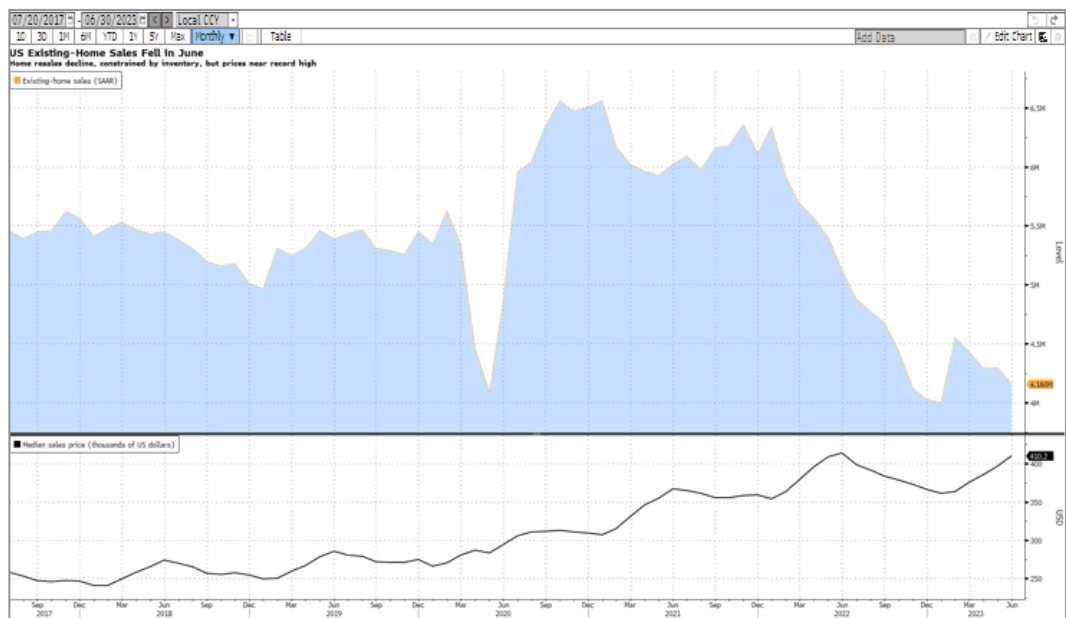
ALM School
Aug 8-9, 2023

The weather has not been the only thing to heat up this week. After last week's inflation data showed inflation pressures easing, markets are now assigning a 99.8% probability of a 25bp hike when the Fed meets next week, according to CME's FedWatch Tool. They are also assigning a 64% probability that July's hike will be the last and a 98% probability that rates will be cut by next year.

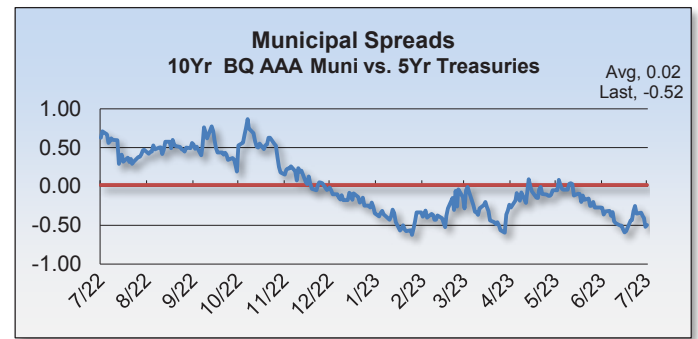
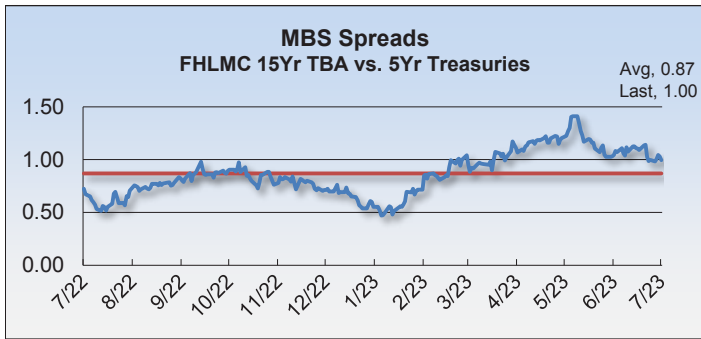
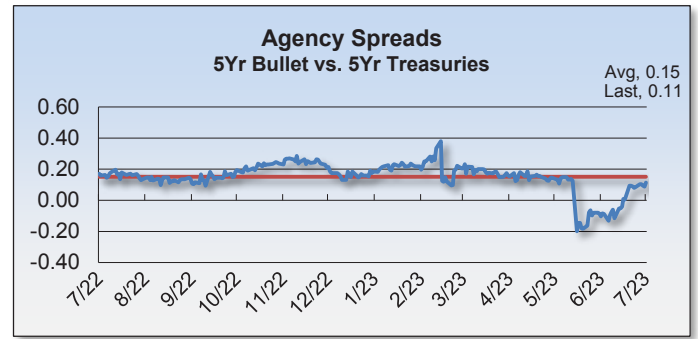
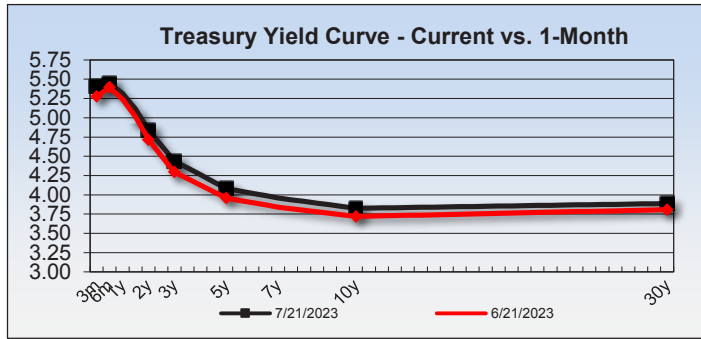
The week started off with a positive surprise on U.S. economic sentiment with the New York Fed's manufacturing index comfortably beating estimates for July as reported prices paid fell and new orders picked up. The index dropped to 1.1 over the month but remained positive which indicates growth. Expectations were for the index to fall into negative territory at -3.5.

On Tuesday, June's retail sales increased less than expected, coming in at +0.2% month-over-month (MoM) vs. +0.5% consensus. Retail spending showed clear signs of deceleration as the second quarter slowed to a standstill on an annualized basis and sales have now declined in three of the past four quarters. However, control-group sales, which exclude vehicles, gas, food services, and building materials, and also feed into GDP, rose a much stronger +0.6% MoM. Still, on a quarterly basis that represents a drop to +2.1% in the second quarter from +5.1% in Q1.

On the housing front, housing starts fell in June after surging just a month earlier. The pace is still above the pre-pandemic trend and reflects builders working to fill the void created by the limited inventory of existing homes for sale. Building permits also underwhelmed forecasts but remained near pre-pandemic levels as well. Existing home sales retreated in June, falling to a five-month low, as limited inventory continues to restrain sales and keep prices near record highs. Sales declined -3.3% to a 4.16M annualized pace. The number of homes for sale held at 1.08M, which is the lowest June inventory on record.



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	Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr
3mo	5.41	0.03	5.29	4.65	2.43	2yr	4.92		4.02	4.28	4.93	2Yr	5.50	5.50	5.50	-
6mo	5.45	(0.03)	5.40	4.82	2.95	3yr	4.51		3.79	4.04	4.75	3Yr	5.11	5.12	5.10	5.11
1yr	5.31	(0.00)	5.25	4.68	3.07	5yr	4.20		3.53	3.75	4.40	5Yr	4.88	4.88	4.87	4.81
2yr	4.84	0.07	4.72	4.17	3.09	7yr	4.14		3.44	3.67	4.47	7Yr	4.79	4.81	4.80	4.73
3yr	4.44	0.06	4.30	3.83	3.05	10yr	4.10		3.50	3.73	4.41	10Yr	4.73	4.79	4.78	4.72
5yr	4.08	0.03	3.96	3.56	2.98	15yr	4.07		4.20	4.47	4.61	August TBA MBS				
7yr	3.96	0.01	3.84	3.52	2.97	20yr	4.04		4.48	4.77	4.94	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	3.83	(0.01)	3.72	3.48	2.88	25yr	4.01		4.66	4.96	5.00	2.50	5.00	5.5y	4.64	
30yr	3.89	(0.04)	3.81	3.66	3.04	30yr			4.84	5.16	5.05	3.00	4.99	5.6y		
												3.50	4.82	5.6y	4.87	10.1y
												4.00	4.79	5.4y	4.96	10.0y
												4.50			5.14	9.6y
												5.00			5.35	8.8y

* 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	5.38	0.06	5.16	4.51	2.16
3 Month LIBOR	5.60	0.02	5.51	4.82	2.73
6 Month LIBOR	5.83	(0.01)	5.66	5.08	3.30
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.72	0.04	5.67	4.95	3.48
1 Year CMT	5.35	0.08	5.24	4.68	3.18
REPO O/N	5.11	--	5.10	4.32	1.54
REPO 1Wk	5.29	0.15	5.11	4.44	1.74
CoF Federal	3.544	--	3.460	2.794	1.283
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.50	5.57	5.53
6mo	5.58	5.61	5.63
1yr	5.47	5.52	5.65
2yr	4.95	5.10	5.12
3yr	4.60	4.73	4.73
4yr	4.44	4.57	4.56
5yr	4.27	4.37	4.35
7yr	4.35	4.46	4.42
10yr	4.42	4.55	4.49
5yr Am	4.15		4.72
10yr Am	4.21		4.61

Fed Fund Futures	
Maturity	Rate
Jul-23	5.117
Aug-23	5.320
Sep-23	5.330
Oct-23	5.355
Nov-23	5.410
Dec-23	5.380
Jan-24	5.365
Feb-24	5.280
Mar-24	5.235
Apr-24	5.140
May-24	4.980

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
7/17	Empire Manufacturing	Jul	-3.5	1.1	6.6	--
7/18	Retail Sales Advance MoM	Jun	0.5%	0.2%	0.3%	0.5%
7/18	Retail Sales Ex Auto MoM	Jun	0.3%	0.2%	0.1%	0.3%
7/18	Retail Sales Ex Auto and Gas	Jun	0.3%	0.3%	0.4%	0.5%
7/18	Retail Sales Control Group	Jun	0.3%	0.6%	0.2%	0.3%
7/18	New York Fed Services Business Activit	Jul	--	0.0	-5.2	--
7/18	Capacity Utilization	Jun	79.5%	78.9%	79.6%	79.4%
7/18	Manufacturing (SIC) Production	Jun	0.0%	-0.3%	0.1%	-0.2%
7/18	Business Inventories	May	0.2%	0.2%	0.2%	0.1%
7/18	Net Long-term TIC Flows	May	--	\$25.8b	\$127.8b	--
7/18	Total Net TIC Flows	May	--	-\$167.6b	\$48.4b	\$35.3b
7/19	MBA Mortgage Applications	7/14	--	1.1%	0.9%	--
7/19	Housing Starts	Jun	1480k	1434k	1631k	1559k
7/19	Building Permits	Jun	1500k	1440k	1491k	1496k
7/19	Housing Starts MoM	Jun	-9.3%	-8.0%	21.7%	15.7%
7/19	Building Permits MoM	Jun	0.2%	-3.7%	5.2%	5.6%
7/20	Initial Jobless Claims	7/15	240k	228k	237k	--
7/20	Continuing Claims	7/8	1722k	1754k	1729k	1721k
7/20	Philadelphia Fed Business Outlook	Jul	-10.0	-13.5	-13.7	--
7/20	Existing Home Sales	Jun	4.20m	4.16m	4.30m	--
7/20	Leading Index	Jun	-0.6%	-0.7%	-0.7%	-0.6%
7/24	Chicago Fed Nat Activity Index	Jun	-13%	--	-15%	--
7/24	S&P Global US Manufacturing PMI	Jul P	46.1	--	46.3	--
7/24	S&P Global US Services PMI	Jul P	54.0	--	54.4	--
7/24	S&P Global US Composite PMI	Jul P	--	--	53.2	--
7/25	Philadelphia Fed Non-Manufacturing Ac	Jul	--	--	-16.6	--
7/25	S&P CoreLogic CS 20-City YoY NSA	May	-1.4%	--	-1.7%	--
7/25	S&P CoreLogic CS US HPI YoY NSA	May	--	--	-0.2%	--
7/25	Conf. Board Consumer Confidence	Jul	112.0	--	109.7	--
7/25	Conf. Board Present Situation	Jul	--	--	155.3	--
7/25	Conf. Board Expectations	Jul	--	--	79.3	--
7/26	New Home Sales	Jun	722k	--	763k	--
7/26	FOMC Rate Decision (Upper Bound)	7/26	5.5%	--	5.3%	--
7/26	FOMC Rate Decision (Lower Bound)	7/26	5.3%	--	5.0%	--
7/26	Interest on Reserve Balances Rate	7/27	5.4%	--	5.2%	--
7/27	GDP Annualized QoQ	2Q A	1.7%	--	2.0%	--
7/27	Personal Consumption	2Q A	1.2%	--	4.2%	--
7/27	GDP Price Index	2Q A	3.0%	--	4.1%	--
7/27	Core PCE QoQ	2Q A	--	--	4.9%	--
7/27	Durables Ex Transportation	Jun P	0.1%	--	0.7%	--
7/27	Cap Goods Ship Nondef Ex Air	Jun P	--	--	0.3%	--
7/27	Advance Goods Trade Balance	Jun	-\$91.8b	--	-\$91.1b	--
7/27	Pending Home Sales NSA YoY	Jun	--	--	-20.8%	--
7/28	Personal Income	Jun	0.5%	--	0.4%	--
7/28	Real Personal Spending	Jun	--	--	0.0%	--
7/28	PCE Deflator YoY	Jun	3.0%	--	3.8%	--
7/28	PCE Core Deflator YoY	Jun	4.2%	--	4.6%	--

MBS Prepayments ⁴						
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	12.5	12.5	12.6	12.2	10.1	10.9
FH/FN 15y	7.9	6.9	7.7	11.5	13.8	14.7
GN 15y	9.1	9.4	11.0	11.6	13.1	13.2
FH/FN 20y	6.4	6.1	6.7	8.0	9.1	10.2
FH/FN 30y	5.4	5.8	5.9	6.6	7.5	8.6
GN 30y	6.4	6.7	7.1	8.6	9.7	6.8

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	141.55	2.75	141.88	130.67	137.36
Euro	1.11	(0.01)	1.10	1.09	1.02
Dollar Index	101.15	1.23	102.07	102.01	106.91
Major Stock Indices					
Dow Jones	35,264	755	33,952	33,375	32,037
S&P 500	4,548.1	42.6	4,365.7	3,972.6	3,999.0
NASDAQ	14,046.3	(67)	13,502.2	11,140.4	12,059.6
Commodities					
Gold	1,961.5	(2.9)	1,933.3	1,928.2	1,713.4
Crude Oil	76.54	1.12	72.53	81.31	96.35
Natural Gas	2.74	0.20	2.60	3.17	7.93
Wheat	710.5	69.0	734.5	741.5	806.3
Corn	531.5	-68.3	671.0	676.3	575.8

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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