



Dale Sheller
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UPCOMING EVENTS

Banks

Seminar:

[Findlay, OH](#)
Oct 4, 2023

[Oklahoma City, OK](#)
Oct 18-20, 2023

[Minneapolis, MN](#)
Dec 5, 2023

Webinar:

[Q4 Bank Strategies](#)
Oct 11, 2023

[Bank Trends for Q3](#)
Nov 15, 2023

Credit Unions

CU Seminar:

[Philadelphia, PA](#)
Sep 27, 2023

[Dallas, TX](#)
Nov 9, 2023

CU Webinar:

[Q4 CU Strategies](#)
Oct 12, 2023

Happy Friday, wherever you may be reading this! Here is your economic week in review!

All eyes were on the Federal Reserve this week as the Fed concluded their two-day meeting with a unanimous decision to leave interest rates unchanged. The Fed statement noted that recent indicators suggest that economic activity has been expanding at a solid pace, but that inflation remains elevated. The statement also noted that tighter credit conditions are likely to weigh on economic activity, hiring, and inflation, but that the extent of these effects remains uncertain. The updated Dot Plot showed that 12 members saw one additional rate hike in 2023 and seven members wanting none. The median member expected only two rate cuts in 2024 versus previous expectations for four rate cuts. The new expectation for the Fed Funds rate in 2026 is at 3% with the long run projection remaining at 2.5%. The updated Summary of Economic Projections showed an unemployment rate projection for 2024 was lowered from 4.5% to 4.1% suggesting members expect a “soft landing”. The GDP projection for 2024 was upgraded from 1.1% to 1.5%.

Chairman Powell stated during his press conference that the Committee believes that the economy is “strong enough” to withstand further rate hikes. However, he noted the Committee will continue to assess the date and make adjustments to its policy as needed. The Fed is leaving the door open for further rate hikes, but as stated many times by Chairman Powell, they will be data dependent. As of this morning, the CME Group’s Fed Watch Tool shows a 27% chance rate hike at the November meeting and a 37% chance at the December meeting.

Aside from the Fed’s meeting this week, the amount of economic data released was rather minimal. On Tuesday, the Home Builder Confidence Index fell to a 5-month low as higher mortgage rates continued to push more prospective home buyers out of the market. Additionally on Tuesday, Housing Starts fell 11.3% last month to an annual rate of 1.28 million units, well below estimates of 1.44 million units. Additionally, building permits rose 6.9% to a 1.54 million rate. That is the highest level since October 2022.

Yesterday, initial jobless claims fell to their lowest level in eight months last week as the labor market continues to show strength. Applications for jobless claims fell by 20,000 to 201,000 for the week ending September 16th. Sales of previously owned US homes declined in August to the lowest since the start of the year, restrained by limited inventory and high mortgage rates. Existing home sales decreased 0.7% from a month earlier to a 4.04 million annualized pace.

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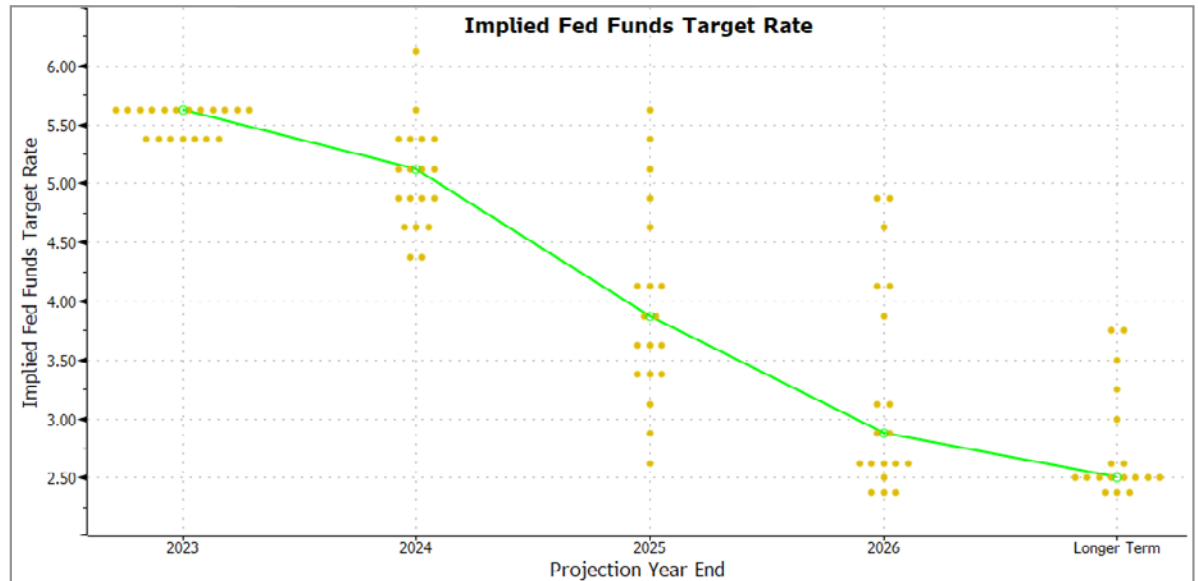


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Next week's economic releases will be centered around next Friday's release of the Personal Consumption Expenditure Index (PCE), personal income and personal spending data. The year-over-year change of Headline PCE is expected to come in at a 3.5% change, with the month-over-month change expected to be 0.5%. Core PCE (excludes food and energy) is expected to increase 3.9% year-over-year and 0.2% month-over-month increase.

Enjoy the weekend and be careful out there!

FOMC Dot Plot – September 2023



Source: Bloomberg, L.P.

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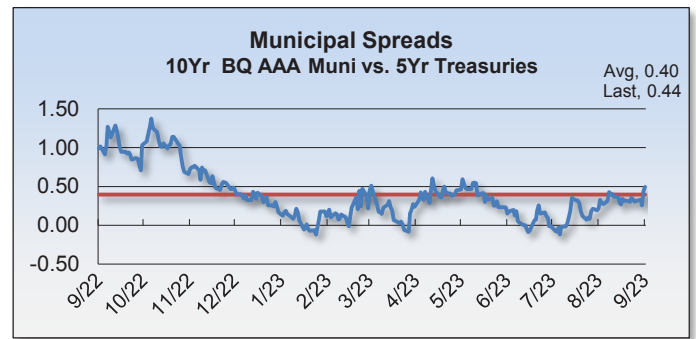
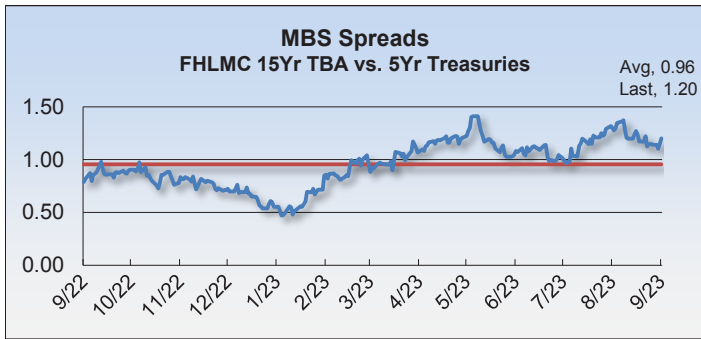
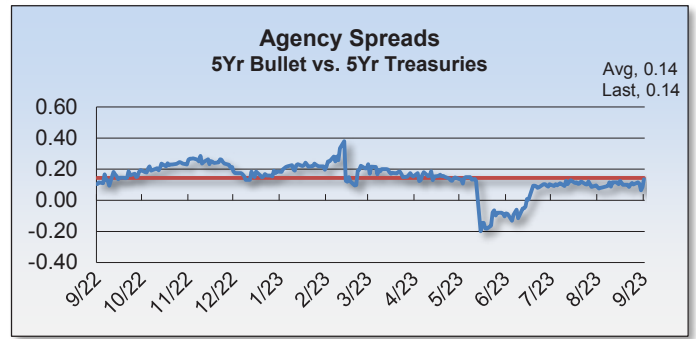
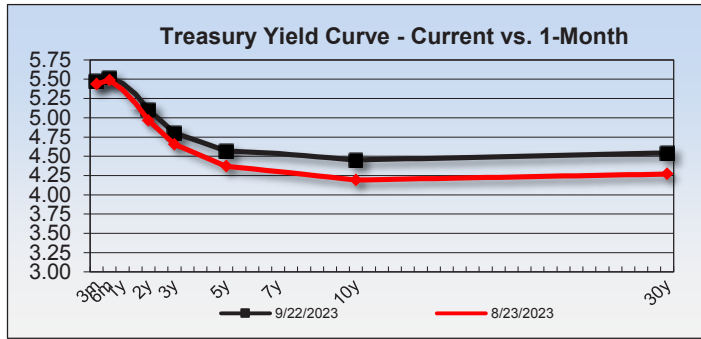
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Treasury Market -- Historical						Fixed Rate Market										
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr
3mo	5.47	0.01	5.43	4.70	3.21	2yr	5.15	5.04	4.65	4.95	5.32	2Yr	5.90	5.90	5.90	-
6mo	5.52	0.01	5.48	4.84	3.88	3yr	4.89	4.70	4.48	4.77	5.19	3Yr	5.61	5.61	5.60	5.61
1yr	5.44	0.02	5.40	4.49	4.04	5yr	4.65	4.38	4.34	4.62	4.92	5Yr	5.45	5.45	5.44	5.38
2yr	5.10	0.07	5.05	3.94	4.12	7yr	4.73	4.26	4.33	4.60	5.06	7Yr	5.42	5.44	5.43	5.37
3yr	4.80	0.08	4.76	3.72	4.06	10yr	4.73	4.19	4.42	4.71	5.04	10Yr	5.39	5.44	5.43	5.37
5yr	4.57	0.10	4.49	3.51	3.94	15yr	4.73	4.17	5.14	5.47	5.24	October TBA MBS				
7yr	4.54	0.11	4.44	3.49	3.86	20yr	4.74	4.11	5.43	5.78	5.58	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.45	0.12	4.33	3.44	3.71	25yr	4.75	4.00	5.57	5.92	5.64	3.00	5.83	5.6y	5.40	
30yr	4.54	0.12	4.40	3.65	3.64	30yr		3.89	5.70	6.06	5.69	3.50	5.55	5.6y		
												4.00	5.33	5.9y	5.56	10.2y
												4.50	5.35	5.8y	5.64	10.4y
												5.00			5.78	9.8y
												5.50			5.96	9.1y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.00	3.25
Primary Discount	5.50	--	5.50	4.75	2.50
2ndary Discount	6.00	--	6.00	5.25	3.00
Prime Rate	8.50	--	8.50	7.75	6.25
Sec. O.N. Finance	5.30	--	5.30	4.55	--
1 Month LIBOR	5.44	(0.01)	5.43	4.75	3.05
3 Month LIBOR	5.66	(0.01)	5.64	4.95	3.60
6 Month LIBOR	5.90	(0.00)	5.87	4.85	4.18
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.76	0.02	5.81	5.10	4.40
1 Year CMT	5.46	0.04	5.37	4.68	4.08
REPO O/N	5.33	--	5.33	4.59	2.30
REPO 1Wk	5.39	0.02	5.38	4.85	3.20
CoF Federal	3.698	--	3.619	3.139	1.762
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.57	5.60	5.62
6mo	5.63	5.63	5.69
1yr	5.53	5.55	5.72
2yr	5.19	5.24	5.39
3yr	5.00	5.05	5.18
4yr	4.85	4.90	5.01
5yr	4.74	4.78	4.87
7yr	4.91	4.97	5.02
10yr	5.01	5.09	5.10
5yr Am	4.15		5.15
10yr Am	4.21		5.14

Fed Fund Futures	
Maturity	Rate
Sep-23	5.328
Oct-23	5.325
Nov-23	5.385
Dec-23	5.425
Jan-24	5.445
Feb-24	5.450
Mar-24	5.430
Apr-24	5.405
May-24	5.330
Jun-24	5.265
Jul-24	5.225

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
9/18	NAHB Housing Market Index	Sep	49	45	50	--
9/18	Net Long-term TIC Flows	Jul	--	\$8.8b	\$195.9b	\$186.0b
9/18	Total Net TIC Flows	Jul	--	\$140.6b	\$147.8b	\$137.9b
9/19	Housing Starts	Aug	1439k	1283k	1452k	1447k
9/19	Building Permits	Aug	1440k	1543k	1442k	1443k
9/19	Housing Starts MoM	Aug	-0.9%	-11.3%	3.9%	2.0%
9/19	Building Permits MoM	Aug	-0.2%	6.9%	0.1%	--
9/20	MBA Mortgage Applications	9/15	--	5.4%	-0.8%	--
9/20	FOMC Rate Decision (Upper Bound)	9/20	5.50%	5.50%	5.50%	--
9/20	FOMC Rate Decision (Lower Bound)	9/20	5.25%	5.25%	5.25%	--
9/20	Interest on Reserve Balances Rate	9/21	5.40%	5.40%	5.40%	--
9/21	Initial Jobless Claims	9/16	225k	201k	220k	221k
9/21	Continuing Claims	9/9	1692k	1662k	1688k	1683k
9/21	Philadelphia Fed Business Outlook	Sep	-1.0	-13.5	12.0	--
9/21	Existing Home Sales	Aug	4.10m	4.04m	4.07m	--
9/21	Existing Home Sales MoM	Aug	0.7%	-0.7%	-2.2%	--
9/21	Leading Index	Aug	-0.5%	-0.4%	-0.4%	-0.3%
9/22	S&P Global US Manufacturing PMI	Sep P	48.2	48.9	47.9	--
9/22	S&P Global US Services PMI	Sep P	50.7	50.2	50.5	--
9/22	S&P Global US Composite PMI	Sep P	50.4	50.1	50.2	--
9/25	Chicago Fed Nat Activity Index	Aug	--	--	0.12	--
9/26	FHFA House Price Index MoM	Jul	0.5%	--	0.3%	--
9/26	S&P CoreLogic CS 20-City MoM SA	Jul	0.60%	--	0.92%	--
9/26	S&P CoreLogic CS 20-City YoY NSA	Jul	--	--	-1.17%	--
9/26	S&P CoreLogic CS US HPI YoY NSA	Jul	--	--	-0.02%	--
9/26	New Home Sales MoM	Aug	-2.0%	--	4.4%	--
9/26	Conf. Board Consumer Confidence	Sep	105.5	--	106.1	--
9/26	Conf. Board Present Situation	Sep	--	--	144.8	--
9/26	Conf. Board Expectations	Sep	--	--	80.2	--
9/27	Durables Ex Transportation	Aug P	0.1%	--	0.4%	--
9/27	Cap Goods Ship Nondef Ex Air	Aug P	-0.1%	--	-0.3%	--
9/28	GDP Annualized QoQ	2Q T	2.3%	--	2.1%	--
9/28	Personal Consumption	2Q T	1.7%	--	1.7%	--
9/28	GDP Price Index	2Q T	2.0%	--	2.0%	--
9/28	Core PCE Price Index QoQ	2Q T	--	--	3.7%	--
9/28	Pending Home Sales NSA YoY	Aug	--	--	-13.8%	--
9/29	Advance Goods Trade Balance	Aug	-\$91.2b	--	-\$91.2b	-\$90.9b
9/29	Wholesale Inventories MoM	Aug P	-0.2%	--	-0.2%	--
9/29	Personal Income	Aug	0.5%	--	0.2%	--
9/29	Personal Spending	Aug	0.4%	--	0.8%	--
9/29	Real Personal Spending	Aug	-0.1%	--	0.6%	--
9/29	PCE Deflator YoY	Aug	3.5%	--	3.3%	--
9/29	PCE Core Deflator YoY	Aug	3.9%	--	4.2%	--
9/29	MNI Chicago PMI	Sep	47.4	--	48.7	--
9/29	U. of Mich. Sentiment	Sep F	67.7	--	67.7	--
9/29	U. of Mich. Current Conditions	Sep F	--	--	69.8	--
9/29	U. of Mich. 1 Yr Inflation	Sep F	--	--	3.1%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	13.6	13.4	12.1	18.0	16.1	17.9
FH/FN 15y	7.9	9.3	13.1	18.3	23.8	39.9
GN 15y	15.2	17.5	20.5	21.7	34.3	51.5
FH/FN 20y	7.1	7.9	8.5	9.3	12.5	16.0
FH/FN 30y	6.1	6.5	6.9	7.6	11.5	8.3
GN 30y	6.0	9.7	11.1	7.6	7.2	7.7
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	12.3	12.4	12.1	10.1	10.3	10.7
FH/FN 15y	7.0	6.7	10.4	13.7	13.6	14.3
GN 15y	8.8	10.8	11.2	12.2	12.2	14.9
FH/FN 20y	6.5	6.3	6.8	7.7	9.0	10.5
FH/FN 30y	5.2	5.5	6.0	6.4	7.3	8.5
GN 30y	6.2	6.8	7.6	7.7	6.6	7.1

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	148.20	0.35	145.70	132.81	142.51
Euro	1.07	0.00	1.09	1.08	0.99
Dollar Index	105.47	0.15	103.56	102.35	111.35
Major Stock Indices					
Dow Jones	34,069	(550)	34,289	32,030	30,077
S&P 500	4,336.6	(113.8)	4,387.6	3,937.0	3,758.0
NASDAQ	13,296.1	(412)	13,505.9	11,670.0	11,066.8
Commodities					
Gold	1,927.8	(0.1)	1,896.4	1,949.6	1,671.4
Crude Oil	90.88	0.11	80.35	70.90	83.49
Natural Gas	2.64	(0.01)	2.56	2.17	7.09
Wheat	579.3	-25.0	601.8	663.5	910.8
Corn	476.5	0.3	466.5	633.5	688.3

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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