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UPCOMING EVENTS

Banks

Seminar:

Minneapolis, MN

Dec 5, 2023

Webinar:

Bank Trends for Q3

Nov 15, 2023

Credit Unions

CU Seminar:

Dallas, TX

Nov 9, 2023

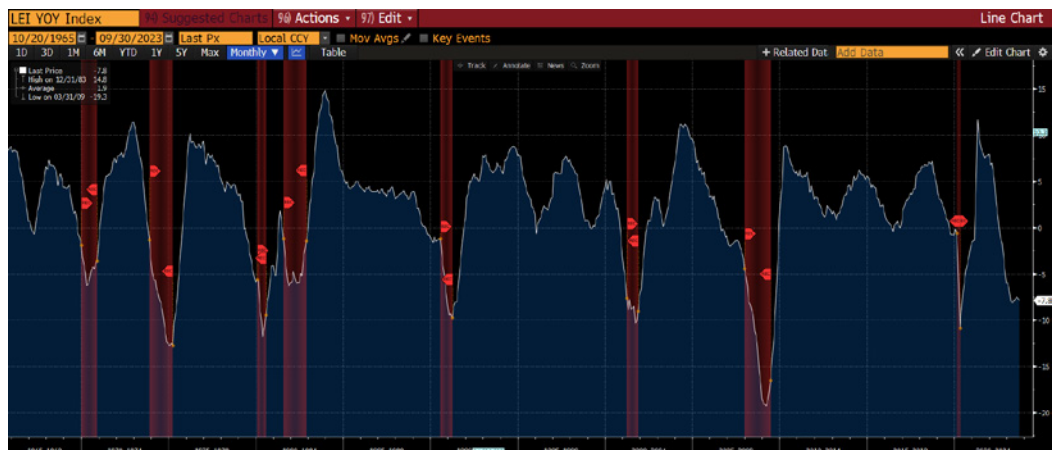
Market volatility continues this week as risks increase that the Israeli-Hamas war could spill outside of Gaza. The Treasury Curve is exhibiting a “Bear Steepener” shift with yields on the long-end of the curve moving up quicker than the short-end. Yields on the 10yr Treasury are up +23bps since the beginning of the week.

Multiple Fed leaders spoke this week, including Fed Chairman Powell who said that the Federal Reserve will proceed carefully with rate hikes, while also citing economic data that current policy isn’t too tight. This leaves the door open for potential rate hikes in the future while also suggesting that the Fed will maintain current levels at their next meeting. The CME FedWatch Tool that analyzes market expectations for Fed policy has almost entirely ruled out another rate hike for the November meeting with a 98.2% probability that current rates will be maintained. Looking at current Fed Funds Futures, traders are projecting the first rate cut to come at the July 2024 meeting.

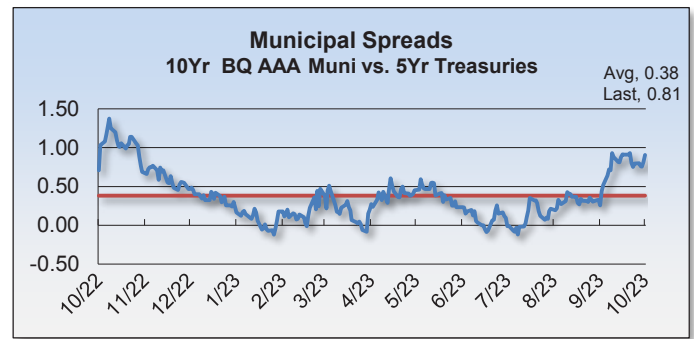
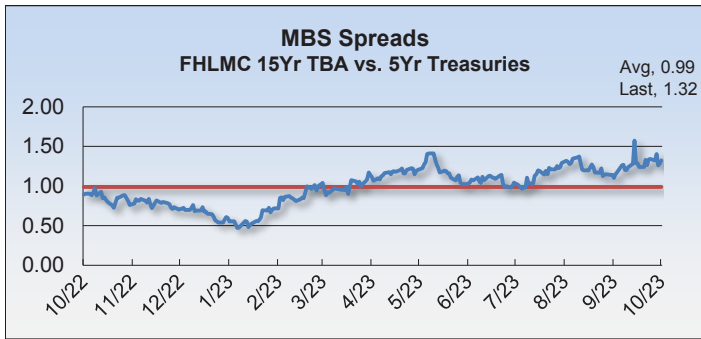
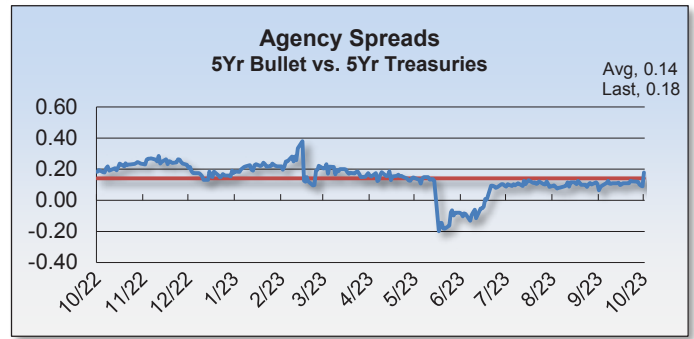
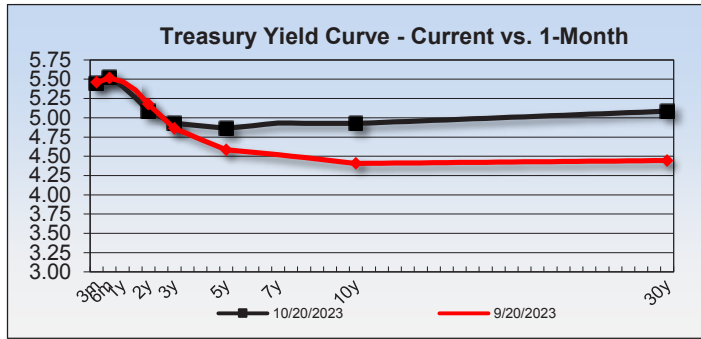
This week’s economic releases were mostly better than expected. The Empire Manufacturing Index which estimates general business conditions for the state of New York came in at -4.6% vs -6.0% expected. Retail Sales were also stronger than expected at 0.7% vs 0.3% expected. Purchases rose in 8 out of 13 categories that are measured by the index with much of the gains coming from Automotive, Restaurant, and Personal Care services. Appliances, Electronics, and Home Furnishing categories were down for the month. Higher mortgage rates are continuing to have an impact on the housing market with MBA Mortgage Applications down -6.9% vs 0.6% for the week prior while Housing starts also came in lower than expected. Initial Jobless claims fall to the lowest level since January coming in at 198,000 which was lower than expected as unemployment remains sticky. However, the continuing jobless claims number increased which could suggest that it’s taking longer for unemployed workers to find jobs in a sign that the labor market could be easing. The Fed will continue to monitor employment levels as a key data point in determining Fed policy. Rounding out the economic data, the Leading Economic Index came out for the month of September showing that leading indicators fell by -0.7% vs -0.4% expected. Going back to at least 1965, the LEI index has never been as low as it is currently without the economy either being in a recession or starting a recession shortly thereafter. It will be interesting to monitor as this week’s data has offered a mixed bag of results.

On the calendar for next week, we’ll get a look at Q3 GDP, Core PCE, Personal Income/Spending, and the University of Michigan’s Consumer Sentiment report as some of the higher profile economic releases.

Have a great weekend!



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	5.45	(0.04)	5.48	5.08	3.99	2yr	5.20	5.03	5.14	5.47	5.34	2Yr	5.89	5.89	5.89	-
6mo	5.53	(0.03)	5.53	5.04	4.49	3yr	5.02	4.81	4.97	5.29	5.31	3Yr	5.73	5.74	5.70	5.73
1yr	5.41	0.01	5.48	4.73	4.63	5yr	4.99	4.65	4.89	5.20	5.26	5Yr	5.75	5.75	5.74	5.68
2yr	5.09	0.03	5.18	4.14	4.61	7yr	5.18	4.62	4.96	5.27	5.50	7Yr	5.82	5.84	5.83	5.76
3yr	4.93	0.11	4.86	3.86	4.56	10yr	5.20	4.60	5.03	5.35	5.55	10Yr	5.86	5.91	5.91	5.84
5yr	4.86	0.22	4.59	3.63	4.45	15yr	5.22	4.62	5.73	6.09	5.75	November TBA MBS				
7yr	4.93	0.28	4.52	3.58	4.36	20yr	5.26	4.57	6.06	6.45	6.13	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.93	0.31	4.41	3.53	4.23	25yr	5.26	4.47	6.20	6.60	6.19	3.00	6.64	5.5y	6.13	
30yr	5.09	0.33	4.45	3.74	4.22	30yr	5.26	4.36	6.34	6.75	6.24	3.50	6.21	5.6y	6.26 10.8y	
												4.00	5.86	6.0y	6.27 10.3y	
												4.50	5.83	5.9y	6.26 10.8y	
												5.00			6.34 10.4y	
												5.50			6.45 9.9y	

* 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	5.00	3.25
2ndary Discount	6.00	--	6.00	5.50	3.75
Prime Rate	8.50	--	8.50	8.00	6.25
Sec. O.N. Finance	5.30	(0.01)	5.31	4.80	--
1 Month LIBOR	5.45	0.01	5.44	4.95	3.49
3 Month LIBOR	5.68	0.02	5.66	5.25	4.24
6 Month LIBOR	5.92	0.05	5.89	5.41	4.72
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.76	0.02	5.74	5.35	4.99
1 Year CMT	5.44	0.01	5.45	4.84	4.60
REPO O/N	5.37	--	5.33	4.83	3.06
REPO 1Wk	5.34	(0.03)	5.35	4.69	3.15
CoF Federal	3.743	--	3.698	3.239	2.022
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.59	5.62	5.63
6mo	5.66	5.66	5.67
1yr	5.51	5.50	5.63
2yr	5.20	5.27	5.36
3yr	5.10	5.17	5.25
4yr	5.05	5.12	5.20
5yr	5.03	5.08	5.17
7yr	5.27	5.34	5.42
10yr	5.45	5.55	5.59
5yr Am	4.15		5.27
10yr Am	4.21		5.44

Fed Fund Futures	
Maturity	Rate
Oct-23	5.330
Nov-23	5.335
Dec-23	5.365
Jan-24	5.390
Feb-24	5.415
Mar-24	5.395
Apr-24	5.365
May-24	5.265
Jun-24	5.190
Jul-24	5.140
Aug-24	5.010

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/16	Empire Manufacturing	Oct	-6.0	-4.6	1.9	--
10/17	Retail Sales Advance MoM	Sep	0.3%	0.7%	0.6%	0.8%
10/17	Retail Sales Ex Auto MoM	Sep	0.2%	0.6%	0.6%	0.9%
10/17	Retail Sales Ex Auto and Gas	Sep	0.1%	0.6%	0.2%	0.3%
10/17	Retail Sales Control Group	Sep	0.1%	0.6%	0.1%	0.2%
10/17	New York Fed Services Business Activit	Oct	--	-19.1	-3.0	--
10/17	Capacity Utilization	Sep	79.6%	79.7%	79.7%	79.5%
10/17	Manufacturing (SIC) Production	Sep	0.0%	0.4%	0.1%	-0.1%
10/17	Business Inventories	Aug	0.3%	0.4%	0.0%	0.1%
10/17	NAHB Housing Market Index	Oct	44	40	45	44
10/18	MBA Mortgage Applications	10/13	--	-6.9%	0.6%	--
10/18	Housing Starts	Sep	1383k	1358k	1283k	1269k
10/18	Housing Starts MoM	Sep	7.8%	7.0%	11.3%	-12.5%
10/18	Building Permits	Sep	1453k	1473k	1543k	1541k
10/18	Building Permits MoM	Sep	-5.7%	-4.4%	6.9%	6.8%
10/18	Net Long-term TIC Flows	Aug	--	\$63.5b	\$8.8b	\$9.5b
10/18	Total Net TIC Flows	Aug	--	\$134.4b	\$140.6b	\$141.4b
10/19	Initial Jobless Claims	10/14	210k	198k	209k	211k
10/19	Continuing Claims	10/7	1706k	1734k	1702k	1705k
10/19	Philadelphia Fed Business Outlook	Oct	-7.0	-9.0	-13.5	--
10/19	Existing Home Sales	Sep	3.89m	3.96m	4.04m	--
10/19	Existing Home Sales MoM	Sep	-3.7%	-2.0%	-0.7%	--
10/19	Leading Index	Sep	-0.4%	-0.7%	-0.4%	-0.5%
10/23	Chicago Fed Nat Activity Index	Sep	-0.01	--	-0.16	--
10/24	Philadelphia Fed Non-Manufacturing Ac	Oct	--	--	-16.6	--
10/24	S&P Global US Manufacturing PMI	Oct P	49.4	--	49.8	--
10/24	S&P Global US Services PMI	Oct P	49.8	--	50.1	--
10/24	S&P Global US Composite PMI	Oct P	--	--	50.2	--
10/24	Richmond Fed Manufact. Index	Oct	--	--	5.0	--
10/24	Richmond Fed Business Conditions	Oct	--	--	-5.0	--
10/25	New Home Sales	Sep	683k	--	675k	--
10/26	GDP Annualized QoQ	3Q A	4.4%	--	2.1%	--
10/26	Personal Consumption	3Q A	3.9%	--	0.8%	--
10/26	GDP Price Index	3Q A	2.5%	--	1.7%	--
10/26	Durable Goods Orders	Sep P	1.4%	--	0.1%	--
10/26	Core PCE Price Index QoQ	3Q A	2.5%	--	3.7%	--
10/26	Durables Ex Transportation	Sep P	0.3%	--	0.4%	--
10/26	Cap Goods Ship Nondef Ex Air	Sep P	0.4%	--	0.7%	--
10/26	Pending Home Sales NSA YoY	Sep	--	--	-18.8%	--
10/27	Personal Income	Sep	0.4%	--	0.4%	--
10/27	Real Personal Spending	Sep	0.3%	--	0.1%	--
10/27	PCE Deflator YoY	Sep	3.4%	--	3.5%	--
10/27	PCE Core Deflator YoY	Sep	3.7%	--	3.9%	--
10/27	U. of Mich. Sentiment	Oct F	63.0	--	63.0	--
10/27	U. of Mich. Current Conditions	Oct F	--	--	66.7	--
10/27	U. of Mich. Expectations	Oct F	--	--	60.7	--
10/27	U. of Mich. 1 Yr Inflation	Oct F	--	--	3.8%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	13.5	13.2	11.9	15.7	16.0	20.1
FH/FN 15y	7.4	8.6	12.5	17.3	26.9	40.2
GN 15y	14.5	17.0	20.1	21.8	34.1	50.8
FH/FN 20y	6.6	7.6	8.0	8.8	11.8	14.5
FH/FN 30y	5.3	6.0	6.5	6.3	10.3	7.9
GN 30y	6.5	6.7	8.7	6.7	6.7	7.6
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	12.2	12.3	11.9	10.1	10.3	10.4
FH/FN 15y	6.6	6.3	9.8	13.2	12.7	13.9
GN 15y	8.5	10.7	11.0	11.8	11.5	14.3
FH/FN 20y	6.4	6.2	6.7	7.0	8.3	9.4
FH/FN 30y	5.1	5.5	5.8	5.9	6.6	7.8
GN 30y	5.9	6.3	7.1	6.8	8.2	9.0

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	149.92	0.35	147.87	134.56	149.74
Euro	1.06	0.01	1.07	1.10	0.98
Dollar Index	106.26	(0.38)	105.33	101.84	112.88
Major Stock Indices					
Dow Jones	33,248	(422)	34,441	33,787	30,334
S&P 500	4,254.5	(73.3)	4,402.2	4,129.8	3,665.8
NASDAQ	13,091.8	(315)	13,469.1	12,059.6	10,614.8
Commodities					
Gold	1,983.7	56.3	1,948.6	2,007.6	1,630.8
Crude Oil	90.18	2.49	90.28	77.29	85.98
Natural Gas	2.90	(0.33)	2.73	2.25	5.36
Wheat	595.8	16.0	588.8	667.8	849.3
Corn	506.3	13.0	482.3	663.8	684.0

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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Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, L.P. This report was printed as of: 10/20/2023 9:46AM