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UPCOMING EVENTS

Banks

Webinars:

[Q1 Bank CC Webinar](#)
 Jan 10, 2024

CUs

Webinars:

[Q1 CU CC Webinar](#)
 Jan 11, 2024

Banks and CUs

Schools:

[Baker Bond School](#)
 Apr 9-10, 2024

[Baker ALM School](#)
 Aug 20-21, 2024

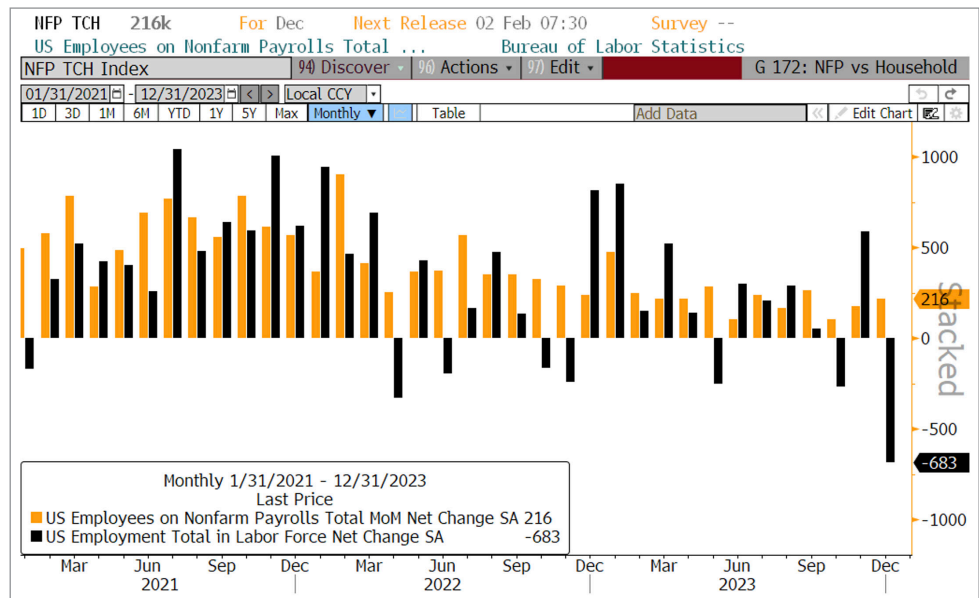
Seminar:

[Scottsdale, AZ
 45th Anniversary
 Celebration Seminar](#)
 Nov 7-8, 2024

Don't unfasten your seatbelts just yet, the rollercoaster ride of 2023 may not be over. The first week of 2024 is already off to a ruckus start with a mixed bag of jobs data and minutes from the FOMC's December meeting giving markets much to digest. As always, the first week of the month has given us a plethora of employment data but unfortunately no cohesive picture of the state of the labor market this time around.

Several of the week's readouts of U.S. hiring showed signs of weakness but this morning's unexpectedly strong nonfarm payrolls data painted a much different picture, at least in the headline numbers. The report showed the economy added 216k jobs in December vs. a consensus estimate of 175k, suggesting the labor market, which has been the main driver behind resilient consumer spending, finished the year in strong territory. The Unemployment Rate also remained at 3.7% vs. expectations of a tick up to 3.8% and Average Hourly Earnings rose 0.4% for the month (vs. 0.3% consensus), reversing the downward trend of wage gains in place throughout 2023.

However, there were some signs of weakness. The last 2 months of job gains were revised lower by 71k, which more than offsets the 41k beat in the nonfarm payrolls number. Also, the separate Household Survey showed the economy actually lost a massive 683k jobs. The Labor Force Participation rate unexpectedly fell to 62.5% (vs. 62.8% consensus) as 845k people left the labor force, a move not generally seen in a strong labor market. In fact, without the big drop in Labor Force Participation, the Unemployment Rate would have likely risen by 0.1% or 0.2%. Average Weekly Hours Worked, which can be a leading indicator for labor market conditions as employers tend to cut workers' hours before actually cutting workers, also fell to 34.3 from 34.4.



Source: Bloomberg, L.P.

(Continued)



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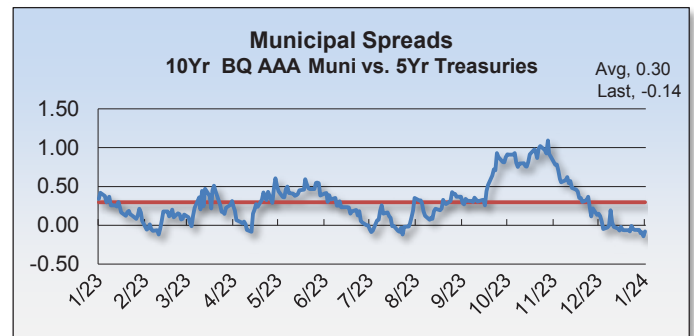
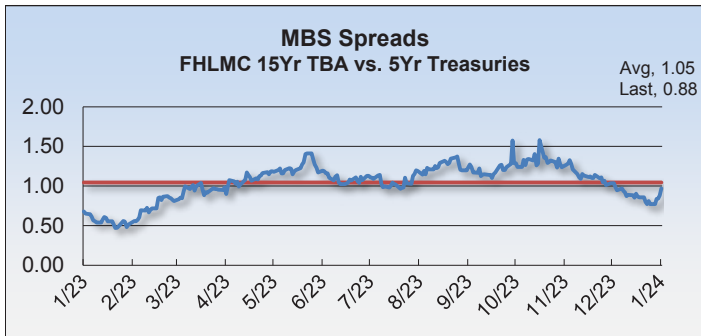
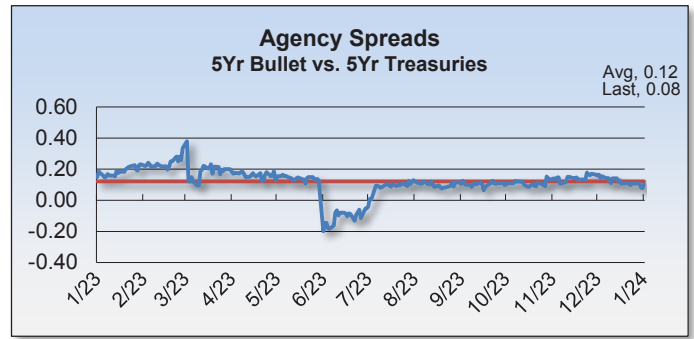
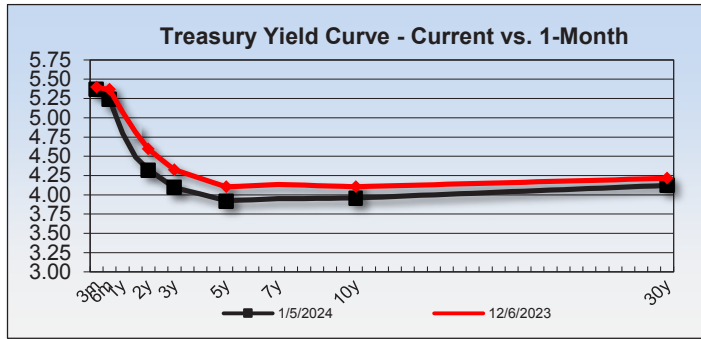
[Celebration Seminar](#)

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The JOLTS job openings report came in shy of expectations this week, falling 62k to 8.79mm, the lowest level since March 2021. Federal Reserve Chairman Powell has often cited the JOLTS report as a key indicator they are watching for signs the labor market is loosening and this report gives evidence that the supply and demand for labor are becoming more balanced. However, private payrolls numbers from the ADP Research Institute increased more than expected in December, up 164k vs. 125k survey, the most since August, suggesting private firms continued to hire at a healthy pace last month. But the report showed further cooling in wage growth as wages for both workers who stayed in their jobs and those who changed jobs grew at the slowest pace since 2021.

Also of note this week was the release of the latest FOMC minutes, which brought to light additional dovish signs from their December meeting. Several members acknowledged risks from an “abrupt downshift” in labor market conditions which could lead to a significant slowdown. They also noted improved balance in the supply and demand of labor which has helped reduce wage pressures, key to bringing inflation to the Fed’s 2% target. However, this week’s mixed jobs data will give the Fed plenty to debate about the strength of the labor market at their next meeting on January 31st.

Next week will also be an important one on the data front as we get key inflation numbers on Thursday with the Consumer Price Index and on Friday with the Producer Price Index.



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	5.37	0.03	5.37	5.35	4.61	2yr	4.41	4.26	3.46	3.68	4.58	2Yr	5.12	5.12	5.12	-
6mo	5.24	(0.02)	5.39	5.48	4.84	3yr	4.18	3.96	3.33	3.55	4.50	3Yr	4.89	4.90	4.80	4.89
1yr	4.79	0.02	5.06	5.40	4.77	5yr	4.03	3.73	3.15	3.35	4.33	5Yr	4.81	4.81	4.80	4.74
2yr	4.32	0.07	4.58	4.95	4.46	7yr	4.19	3.67	3.16	3.37	4.51	7Yr	4.83	4.86	4.85	4.78
3yr	4.09	0.08	4.33	4.61	4.28	10yr	4.20	3.65	3.19	3.40	4.59	10Yr	4.89	4.95	4.94	4.88
5yr	3.92	0.08	4.14	4.25	3.91	15yr	4.21	3.69	3.99	4.25	4.81	February TBA MBS				
7yr	3.95	0.07	4.19	4.10	3.83	20yr	4.21	3.67	4.38	4.66	5.17	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	3.96	0.08	4.17	3.93	3.72	25yr	4.22	3.59	4.59	4.89	5.23	2.50	4.97	5.4y	4.82	
30yr	4.12	0.09	4.30	3.93	3.80	30yr	4.22	3.50	4.80	5.11	5.28	3.00	5.06	5.3y		
												3.50	4.78	5.3y	5.03	9.8y
												4.00	4.67	5.4y	5.08	9.5y
												4.50			5.22	8.9y
												5.00			5.32	7.9y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.25	4.50
Primary Discount	5.50	--	5.50	5.25	4.50
2ndary Discount	6.00	--	6.00	5.75	5.00
Prime Rate	8.50	--	8.50	8.25	7.50
Sec. O.N. Finance	5.32	(0.08)	5.37	5.06	--
1 Month LIBOR	5.46	(0.01)	5.46	5.26	4.40
3 Month LIBOR	5.59	(0.02)	5.64	5.53	4.78
6 Month LIBOR	5.60	(0.02)	5.77	5.81	5.14
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.32	0.04	5.51	5.75	5.14
1 Year CMT	4.85	0.03	5.10	5.43	4.71
REPO O/N	5.35	--	5.42	5.13	4.34
REPO 1Wk	5.36	(0.01)	5.38	5.14	4.44
CoF Federal	3.848	--	3.814	3.460	2.568
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.49	5.56	5.55
6mo	5.38	5.40	5.41
1yr	4.99	4.99	5.08
2yr	4.52	4.57	4.59
3yr	4.33	4.36	4.36
4yr	4.25	4.28	4.28
5yr	4.18	4.20	4.20
7yr	4.39	4.45	4.42
10yr	4.49	4.60	4.57
5yr Am	4.15		4.40
10yr Am	4.21		4.50

Fed Fund Futures		
Maturity	Rate	
Jan-24	5.328	
Feb-24	5.315	
Mar-24	5.265	
Apr-24	5.170	
May-24	4.980	
Jun-24	4.840	
Jul-24	4.745	
Aug-24	4.540	
Sep-24	4.455	
Oct-24	4.320	
Nov-24	4.195	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
1/2	S&P Global US Manufacturing PMI	Dec F	48.4	47.9	48.2	--
1/2	Construction Spending MoM	Nov	0.6%	0.4%	0.6%	1.2%
1/3	MBA Mortgage Applications	12/29	--	-10.7%	1.4%	--
1/3	ISM Manufacturing	Dec	47.1	47.4	46.7	--
1/3	ISM Prices Paid	Dec	49.5	45.2	49.9	--
1/3	ISM Employment	Dec	46.5	48.1	45.8	--
1/3	ISM New Orders	Dec	49.1	47.1	48.3	--
1/3	JOLTS Job Openings	Nov	8821k	8790k	8733k	8852k
1/4	Challenger Job Cuts YoY	Dec	--	-20.2%	-40.8%	--
1/4	ADP Employment Change	Dec	125k	164k	103k	101k
1/4	Initial Jobless Claims	12/30	216k	202k	218k	220k
1/4	Continuing Claims	12/23	1881k	1855k	1875k	1886k
1/4	S&P Global US Services PMI	Dec F	51.3	51.4	51.3	--
1/4	S&P Global US Composite PMI	Dec F	--	50.9	51.0	--
1/5	Two-Month Payroll Net Revision	Dec	--	-71k	--	--
1/5	Change in Nonfarm Payrolls	Dec	175k	216k	199k	173k
1/5	Change in Private Payrolls	Dec	130k	164k	150k	136k
1/5	Change in Manufact. Payrolls	Dec	5k	6k	28k	26k
1/5	Unemployment Rate	Dec	3.8%	3.7%	3.7%	--
1/5	Average Hourly Earnings MoM	Dec	0.3%	0.4%	0.4%	--
1/5	Average Hourly Earnings YoY	Dec	3.9%	4.1%	4.0%	--
1/5	Average Weekly Hours All Employees	Dec	34.4	34.3	34.4	--
1/5	Labor Force Participation Rate	Dec	62.8%	62.5%	62.8%	--
1/5	Underemployment Rate	Dec	--	7.1%	7.0%	--
1/5	Factory Orders	Nov	2.4%	2.6%	-3.6%	-3.4%
1/5	Factory Orders Ex Trans	Nov	-0.1%	0.1%	-1.2%	-1.3%
1/5	Durable Goods Orders	Nov F	5.4%	5.4%	5.4%	--
1/5	Durables Ex Transportation	Nov F	0.5%	0.4%	0.5%	--
1/5	Cap Goods Orders Nondef Ex Air	Nov F	--	0.8%	0.8%	--
1/5	Cap Goods Ship Nondef Ex Air	Nov F	--	-0.2%	-0.1%	--
1/5	ISM Services Index	Dec	52.5	50.6	52.7	--
1/5	ISM Services Prices Paid	Dec	57.3	57.4	58.3	--
1/5	ISM Services Employment	Dec	51.0	43.3	50.7	--
1/5	ISM Services New Orders	Dec	56.1	52.8	55.5	--
1/8	NY Fed 1-Yr Inflation Expectations	Dec	--	--	3.36%	--
1/9	NFIB Small Business Optimism	Dec	90.8	--	90.6	--
1/11	CPI MoM	Dec	0.2%	--	0.1%	--
1/11	CPI Ex Food and Energy MoM	Dec	0.2%	--	0.3%	--
1/11	CPI YoY	Dec	3.2%	--	3.1%	--
1/11	CPI Ex Food and Energy YoY	Dec	3.8%	--	4.0%	--
1/11	CPI Index NSA	Dec	306.50	--	307.05	--
1/11	CPI Core Index SA	Dec	312.97	--	312.25	--
1/11	Real Avg Hourly Earning YoY	Dec	--	--	0.8%	0.9%
1/11	Real Avg Weekly Earnings YoY	Dec	--	--	0.5%	0.6%
1/12	PPI Final Demand YoY	Dec	1.3%	--	0.9%	--
1/12	PPI Ex Food and Energy YoY	Dec	1.9%	--	2.0%	--
1/12	PPI Ex Food, Energy, Trade YoY	Dec	--	--	2.5%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	11.0	12.3	12.1	13.7	11.6	12.6
FH/FN 15y	5.5	6.7	7.7	11.1	14.5	22.7
GN 15y	11.9	13.3	15.7	19.8	24.2	40.4
FH/FN 20y	4.2	5.6	6.5	7.0	8.8	11.1
FH/FN 30y	3.6	5.4	4.4	5.1	6.5	5.5
GN 30y	4.1	5.6	7.2	5.8	6.1	6.3
CPR Projections						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	12.8	12.7	12.9	12.6	11.1	12.3
FH/FN 15y	6.1	7.2	8.4	10.7	14.4	15.6
GN 15y	9.2	9.4	11.9	12.3	12.9	12.4
FH/FN 20y	6.3	6.2	7.3	8.7	9.7	10.4
FH/FN 30y	5.4	5.8	6.2	7.0	8.1	9.5
GN 30y	5.7	6.5	7.0	9.4	9.6	9.7

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	144.30	3.26	147.06	144.24	132.48
Euro	1.10	(0.01)	1.08	1.09	1.06
Dollar Index	102.39	1.17	104.05	103.37	105.04
Major Stock Indices					
Dow Jones	37,555	(155)	36,125	34,289	32,930
S&P 500	4,701.7	(81.7)	4,567.2	4,446.8	3,808.1
NASDAQ	14,574.9	(520)	14,229.9	13,791.7	10,305.2
Commodities					
Gold	2,053.7	(29.8)	2,018.5	1,927.1	1,840.6
Crude Oil	73.61	1.84	72.32	71.79	73.67
Natural Gas	2.72	0.17	2.71	2.66	3.72
Wheat	618.0	-13.5	620.8	662.0	746.8
Corn	464.5	-9.8	468.5	548.3	652.8

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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