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UPCOMING EVENTS

Banks

Webinars:

[Bank Trends Q4 Webinar](#)
Feb 14, 2024

[Q2 Bank CC Webinar](#)
Apr 4, 2024

Schools:

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

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

CUs

Webinars:

[Q2 CU CC Webinar](#)
Apr 11, 2024

Schools:

[Baker CU Virtual
Bond School](#)
Mar 13-14, 2024

[Baker CU Virtual
ALM School](#)
Jul 24-25, 2024

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

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

Banks and CUs

Seminar:

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

After last week's volatility with the FOMC meeting and Powell's subsequent comments advocating caution on the path of rate cuts as well as a blowout January jobs report, this week gave us a much-needed reprieve. There was not much happening on the data front, so eyes turned to Fed officials who have returned to the speaking stage in droves since their pre-meeting quiet period ended.

On Monday, we also got the Fed's quarterly Senior Loan Officer Survey which showed credit tightening continuing, albeit at a slower pace. Banks reported they will likely tighten lending standards further on commercial real estate, credit cards, and auto loans as a less favorable economic outlook and deterioration in collateral values give cause for concern. The survey also showed most banks expect loan quality to deteriorate across most loan types. However, the survey showed a smaller share of banks tightening credit in the fourth quarter compared to the prior quarter. Despite the recent wobble in regional bank stocks, the outlook for the sector appears stable enough for the Fed and unlikely to deter them from a cautious approach to easing monetary policy.

Comments from the stream of Fed officials speaking this week echoed a very similar 'wait and see' approach to cutting rates. They gave a range of reasons for preferring patience over easing too soon or moving too quickly once they do. "For the moment, policy remains well positioned, as we carefully assess the evolving data and outlook," Boston Fed President Susan Collins told the Boston Economic Club on Wednesday. "As we gain more confidence ... I believe it will likely become appropriate to begin easing policy restraint later this year."

Federal Reserve Bank of Cleveland President Loretta Mester said in a speech on Tuesday that, "The current strength in labor market conditions and the strong spending data give us the opportunity to keep the nominal funds rate at its current level while we gather more evidence that inflation truly is on a sustainable and timely path back to 2%." Similar sentiment was heard from the many other Fed speakers on the docket this week as they communicate to the market their desire to hold off on cutting rates until they see more data confirming inflation is easing in a sustainable way.

Next week will bring some of that data to light as we get fresh readings of the Consumer Price Index (CPI) and Producer Price Index (PPI) as well as retail sales and housing data, which will all undoubtedly help shape the Fed's monetary policy decisions in the months ahead. CPI comes out on Tuesday followed by retail sales on Wednesday, and we end the week with a bang as Friday brings housing starts, building permits, PPI, and University of Michigan Sentiment. Have a great weekend!

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
2/5	S&P Global US Services PMI	Jan F	52.9	52.5	52.9	--
2/5	S&P Global US Composite PMI	Jan F	52.3	52.0	52.3	--
2/5	ISM Services Index	Jan	52.0	53.4	50.6	50.5
2/5	ISM Services Prices Paid	Jan	56.7	64.0	57.4	56.7
2/5	ISM Services Employment	Jan	49.4	50.5	43.3	43.8
2/5	ISM Services New Orders	Jan	54.8	55.0	52.8	--
2/7	MBA Mortgage Applications	2/2	--	3.7%	-7.2%	--
2/7	Trade Balance	Dec	-\$62.0b	-\$62.2b	-\$63.2b	-\$61.9b
2/7	Consumer Credit	Dec	\$16.000b	\$15.61b	\$23.751b	\$23.480b
2/8	Initial Jobless Claims	2/3	220k	218k	224k	227k
2/8	Continuing Claims	1/27	1875k	1871k	1898k	1894k
2/8	Wholesale Trade Sales MoM	Dec	0.3%	0.7%	0.0%	-0.1%
2/8	Wholesale Inventories MoM	Dec F	0.4%	0.4%	0.4%	--
2/12	NY Fed 1-Yr Inflation Expectations	Jan	--	--	3.01%	--
2/13	NFIB Small Business Optimism	Jan	--	--	91.9	--
2/13	CPI MoM	Jan	0.2%	--	0.3%	0.2%
2/13	CPI Ex Food and Energy MoM	Jan	0.3%	--	0.3%	--
2/13	CPI YoY	Jan	2.9%	--	3.4%	--
2/13	CPI Ex Food and Energy YoY	Jan	3.7%	--	3.9%	--
2/13	CPI Index NSA	Jan	307.92	--	306.75	--
2/13	CPI Core Index SA	Jan	--	--	313.22	313.21
2/13	Real Avg Weekly Earnings YoY	Jan	--	--	0.5%	0.7%
2/13	Real Avg Hourly Earning YoY	Jan	--	--	0.8%	1.0%
2/15	Retail Sales Advance MoM	Jan	-0.2%	--	0.6%	--
2/15	Retail Sales Ex Auto MoM	Jan	0.1%	--	0.4%	--
2/15	Retail Sales Ex Auto and Gas	Jan	0.2%	--	0.6%	--
2/15	Retail Sales Control Group	Jan	0.2%	--	0.8%	--
2/15	Import Price Index MoM	Jan	-0.1%	--	0.0%	--
2/15	Import Price Index ex Petroleum MoM	Jan	--	--	0.0%	--
2/15	Import Price Index YoY	Jan	--	--	-1.6%	--
2/15	Export Price Index YoY	Jan	--	--	-3.2%	--
2/15	Capacity Utilization	Jan	79.0%	--	78.6%	--
2/15	Manufacturing (SIC) Production	Jan	--	--	0.1%	--
2/15	Business Inventories	Dec	0.4%	--	-0.1%	--
2/15	Total Net TIC Flows	Dec	--	--	\$260.2b	--
2/15	Net Long-term TIC Flows	Dec	--	--	\$126.1b	--
2/16	Housing Starts	Jan	1460k	--	1460k	--
2/16	Building Permits	Jan	1515k	--	1495k	1493k
2/16	PPI Final Demand MoM	Jan	0.1%	--	-0.1%	--
2/16	PPI Ex Food and Energy MoM	Jan	0.1%	--	0.0%	--
2/16	PPI Ex Food, Energy, Trade MoM	Jan	--	--	0.2%	--
2/16	PPI Final Demand YoY	Jan	--	--	1.0%	--
2/16	PPI Ex Food and Energy YoY	Jan	--	--	1.8%	--
2/16	PPI Ex Food, Energy, Trade YoY	Jan	--	--	2.5%	--
2/16	U. of Mich. Sentiment	Feb P	79.0	--	79.0	--
2/16	U. of Mich. Current Conditions	Feb P	--	--	81.9	--
2/16	U. of Mich. 1 Yr Inflation	Feb P	--	--	2.9%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	11.0	11.8	11.8	12.2	11.2	10.4
FH/FN 15y	5.3	6.2	7.3	11.0	16.5	19.4
GN 15y	11.5	12.5	17.2	19.7	27.6	37.6
FH/FN 20y	4.3	5.3	6.2	7.1	8.9	10.4
FH/FN 30y	2.9	4.2	4.4	4.3	6.3	5.3
GN 30y	3.7	6.0	8.0	5.4	5.8	6.4
CPR Projections						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	10.6	10.9	11.5	11.9	13.0	16.2
FH/FN 15y	6.2	7.1	8.2	11.1	15.2	14.4
GN 15y	9.2	9.4	11.9	12.5	13.3	13.0
FH/FN 20y	6.1	6.5	6.9	8.3	9.4	11.0
FH/FN 30y	5.4	5.9	6.2	7.1	8.3	9.3
GN 30y	5.3	6.1	6.9	8.8	9.5	9.4

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	149.33	0.95	144.06	143.37	130.85
Euro	1.08	(0.00)	1.09	1.10	1.08
Dollar Index	104.10	0.17	102.57	102.49	103.22
Major Stock Indices					
Dow Jones	38,671	17	37,525	35,123	33,700
S&P 500	5,005.5	46.9	4,756.5	4,467.7	4,081.5
NASDAQ	15,874.7	246	14,857.7	13,705.1	11,789.6
Commodities					
Gold	2,028.6	(7.5)	2,033.0	1,915.4	1,866.2
Crude Oil	77.21	4.93	72.24	84.40	78.06
Natural Gas	1.87	(0.21)	3.19	2.96	2.43
Wheat	605.3	5.5	610.0	635.0	757.3
Corn	436.3	-6.5	459.3	481.0	670.8

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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Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 02/09/2024 9:20AM