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### UPCOMING EVENTS

#### Banks

##### Webinars:

[Q1 IRR Management Webinar](#)  
Mar 19, 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

This was a fairly quiet week in the bond market with very little economic data to move markets. The only noteworthy data points for the week were the 22nd consecutive monthly decline in leading economic indicators (has never happened without a recession) and a 3.1% increase in existing home sales which are still down nearly 40% from the 2021 peak. Bond yields finished the week mixed the 2yr and 10yr yields up 6bp and 1bp respectively while the 1mo bill and 30yr bond yields were down slightly.

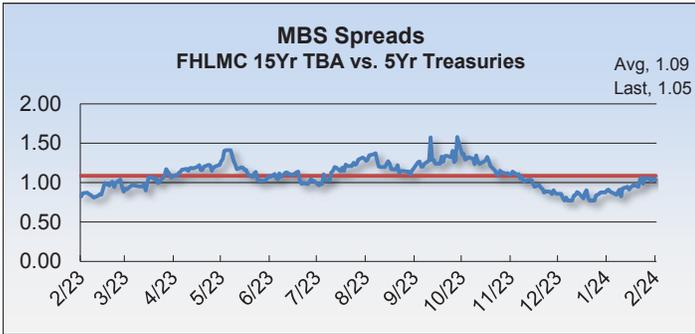
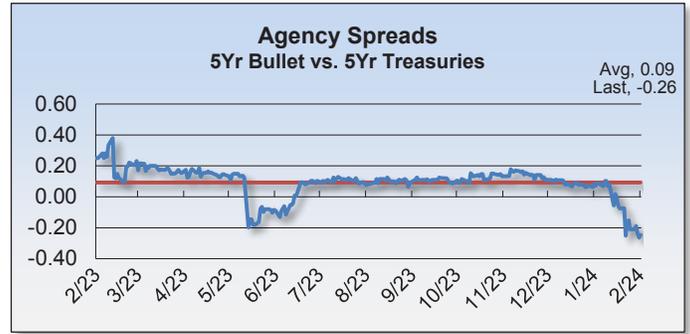
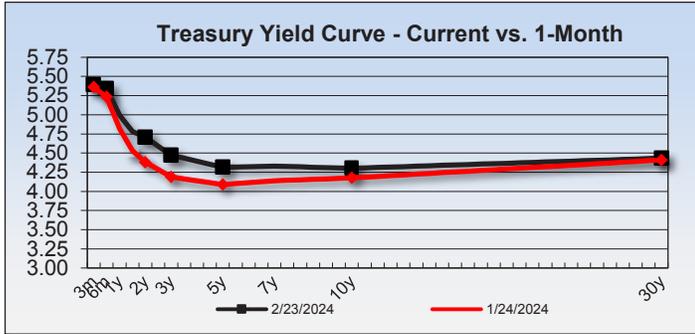
The real headline lately has been the market's repricing of Fed rate cut expectations this year and the resulting upward move in bond yields. At the end of 2023, fed funds futures were pricing in 150bp of rate cuts in 2024 and a greater than 80% chance the Fed would cut rates by March. That helped to drive the 10yr Treasury yield down to 3.8% at the end of December and the 1yr yield down to 4.15% in mid-January. But in the last two months, we have seen an exceptionally strong January nonfarm payrolls gain (+353k) and a couple of hotter than expected inflation reports. Just those few economic reports were enough for markets to "price out" 50bp of rate cuts this year and move closer to the Fed's last Dot Plot that showed FOMC officials wanted just 75bp in rate cuts this year. Fed funds futures are now pricing in less than 100bp of rate cuts this year and the first rate cut isn't fully priced in until July. As a result, the 10yr yield has risen about 50bp to 4.3% and the 2yr has risen about 55bp to 4.7%.

Next week markets will have a slew of economic data to digest with reports on New Home Sales, Durable Goods, House Prices, Consumer Confidence, ISM Manufacturing PMI, Personal Income/Spending and the Fed's preferred inflation gauge – the Personal Consumption Expenditure Deflator. Current expectations are for the PCE Deflator to fall to 2.4% for January (very close to the Fed's target of 2%) and the Core PCE to drop to 2.8%.

### 10yr Treasury Yield – Last 12 Months



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 <sup>2</sup>	S-Corp <sup>3</sup>		Mty	3Mo	6mo	1Yr	2Yr
3mo	5.40	0.02	5.36	5.45	4.82	2yr	4.72	4.60	3.84	4.08	4.77	2Yr	5.50	5.50	5.50	-
6mo	5.34	0.01	5.23	5.50	5.08	3yr	4.54	4.33	3.60	3.83	4.70	3Yr	5.27	5.28	5.20	5.27
1yr	4.99	0.02	4.84	5.37	5.02	5yr	4.36	4.10	3.42	3.64	4.55	5Yr	5.19	5.20	5.19	5.12
2yr	4.71	0.06	4.37	4.97	4.70	7yr	4.49	4.01	3.42	3.64	4.81	7Yr	5.21	5.23	5.22	5.15
3yr	4.47	0.06	4.14	4.66	4.50	10yr	4.51	3.97	3.44	3.67	4.88	10Yr	5.23	5.28	5.28	5.21
5yr	4.32	0.04	4.04	4.37	4.11	15yr	4.54	3.98	4.13	4.40	5.10	March TBA MBS				
7yr	4.33	0.03	4.10	4.31	4.04	20yr	4.56	3.94	4.58	4.87	5.44	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.30	0.02	4.13	4.19	3.88	25yr	4.59	3.85	4.80	5.11	5.50	3.00	5.40	5.4y	5.26	
30yr	4.43	(0.00)	4.36	4.27	3.89	30yr	4.59	3.75	5.03	5.35	5.55	3.50	5.11	5.4y	5.26	
												4.00	5.01	5.4y	5.32	9.8y
												4.50	5.02	5.3y	5.42	9.6y
												5.00			5.57	8.8y
												5.50			5.74	7.8y

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.50	4.75
Primary Discount	5.50	--	5.50	5.50	4.75
2ndary Discount	6.00	--	6.00	6.00	5.25
Prime Rate	8.50	--	8.50	8.50	7.75
Sec. O.N. Finance	5.30	(0.01)	5.31	5.30	--
1 Month LIBOR	5.44	(0.00)	5.45	5.43	4.59
3 Month LIBOR	5.58	(0.00)	5.58	5.64	4.92
6 Month LIBOR	5.67	(0.01)	5.59	5.86	5.26
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.38	0.02	5.32	5.84	5.22
1 Year CMT	5.02	0.09	4.83	5.39	5.07
REPO O/N	5.32	--	5.35	5.33	4.57
REPO 1Wk	5.39	0.04	5.39	5.38	4.61
CoF Federal	3.855	--	3.848	3.544	2.794
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.50	5.54	5.54
6mo	5.44	5.45	5.49
1yr	5.09	5.10	5.28
2yr	4.79	4.81	4.90
3yr	4.58	4.62	4.69
4yr	4.51	4.58	4.62
5yr	4.45	4.52	4.55
7yr	4.60	4.70	4.70
10yr	4.70	4.81	4.80
5yr Am	4.15		4.73
10yr Am	4.21		4.78

Fed Fund Futures	
Maturity	Rate
Feb-24	5.330
Mar-24	5.330
Apr-24	5.325
May-24	5.275
Jun-24	5.185
Jul-24	5.125
Aug-24	4.985
Sep-24	4.910
Oct-24	4.805
Nov-24	4.705
Dec-24	4.600

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
2/20	Philadelphia Fed Non-Manufacturing Ad	Feb	--	-8.8	-3.7	--
2/20	Leading Index	Jan	-0.3%	-0.4%	-0.4%	-0.2%
2/21	MBA Mortgage Applications	2/16	--	-10.6%	-2.3%	-3.3%
2/22	Chicago Fed Nat Activity Index	Jan	-0.21	-0.30	-0.15	0.02
2/22	Initial Jobless Claims	2/17	216k	201k	212k	213k
2/22	Continuing Claims	2/10	1884k	1862k	1895k	1889k
2/22	S&P Global US Manufacturing PMI	Feb P	50.7	51.5	50.7	--
2/22	S&P Global US Services PMI	Feb P	52.3	51.3	52.5	--
2/22	S&P Global US Composite PMI	Feb P	51.8	51.4	52.0	--
2/22	Existing Home Sales	Jan	3.97m	4.00m	3.78m	3.88m
2/22	Existing Home Sales MoM	Jan	4.9%	3.1%	-1.0%	-0.8%
2/26	New Home Sales	Jan	684k	--	664k	--
2/26	New Home Sales MoM	Jan	3.0%	--	8.0%	--
2/27	Durable Goods Orders	Jan P	-4.5%	--	0.0%	--
2/27	Durables Ex Transportation	Jan P	0.2%	--	0.5%	--
2/27	Cap Goods Orders Nondef Ex Air	Jan P	0.1%	--	0.2%	--
2/27	Cap Goods Ship Nondef Ex Air	Jan P	0.1%	--	0.0%	--
2/27	House Price Purchase Index QoQ	4Q	--	--	2.1%	--
2/27	FHFA House Price Index MoM	Dec	--	--	0.3%	--
2/27	S&P CoreLogic CS 20-City MoM SA	Dec	0.20%	--	0.15%	--
2/27	S&P CoreLogic CS 20-City YoY NSA	Dec	6.0%	--	5.4%	--
2/27	S&P CoreLogic CS US HPI YoY NSA	Dec	--	--	5.14%	--
2/27	Richmond Fed Manufact. Index	Feb	--	--	-15.0	--
2/27	Conf. Board Consumer Confidence	Feb	114.8	--	114.8	--
2/27	Conf. Board Present Situation	Feb	--	--	161.3	--
2/27	Conf. Board Expectations	Feb	--	--	83.8	--
2/28	GDP Annualized QoQ	4Q S	3.3%	--	3.3%	--
2/28	Personal Consumption	4Q S	2.7%	--	2.8%	--
2/28	GDP Price Index	4Q S	1.5%	--	1.5%	--
2/28	Core PCE Price Index QoQ	4Q S	--	--	2.0%	--
2/28	Advance Goods Trade Balance	Jan	-\$88.1b	--	-\$88.5b	-\$87.9b
2/28	Wholesale Inventories MoM	Jan P	--	--	0.4%	--
2/29	Personal Income	Jan	0.5%	--	0.3%	--
2/29	Personal Spending	Jan	0.2%	--	0.7%	--
2/29	Real Personal Spending	Jan	--	--	0.5%	--
2/29	PCE Deflator MoM	Jan	0.3%	--	0.2%	--
2/29	PCE Deflator YoY	Jan	2.4%	--	2.6%	--
2/29	PCE Core Deflator MoM	Jan	0.4%	--	0.2%	--
2/29	PCE Core Deflator YoY	Jan	2.8%	--	2.9%	--
2/29	MNI Chicago PMI	Feb	47.9	--	46.0	--
2/29	Pending Home Sales MoM	Jan	1.0%	--	8.3%	--
2/29	Pending Home Sales NSA YoY	Jan	--	--	-1.0%	--
3/1	Construction Spending MoM	Jan	0.2%	--	0.9%	--
3/1	ISM Manufacturing	Feb	49.5	--	49.1	--
3/1	ISM Prices Paid	Feb	--	--	52.9	--
3/1	ISM New Orders	Feb	--	--	52.5	--
3/1	ISM Employment	Feb	--	--	47.1	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	11.8	11.8	12.2	11.2	10.4	17.5
FH/FN 15y	6.2	7.3	11.0	16.5	19.4	21.3
GN 15y	12.5	17.2	19.7	27.6	37.6	23.1
FH/FN 20y	5.3	6.2	7.1	8.9	10.4	13.4
FH/FN 30y	4.2	4.4	4.3	6.3	5.3	5.9
GN 30y	6.0	8.0	5.4	5.8	6.4	6.9
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.8	11.4	11.8	12.8	15.1	17.0
FH/FN 15y	6.9	7.6	10.3	14.6	13.1	18.5
GN 15y	9.1	11.7	12.2	12.9	12.6	15.4
FH/FN 20y	6.5	6.3	7.5	8.6	10.4	12.1
FH/FN 30y	5.6	6.0	6.5	7.6	8.6	9.7
GN 30y	6.1	6.7	8.2	8.5	8.9	10.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	150.35	0.14	147.84	145.44	134.91
Euro	1.08	0.00	1.09	1.08	1.06
Dollar Index	103.86	(0.43)	103.62	103.42	104.60
<b>Major Stock Indices</b>					
Dow Jones	39,273	500	37,905	34,473	33,154
S&P 500	5,110.8	81.1	4,864.6	4,436.0	4,012.3
NASDAQ	16,072.5	166	15,425.9	13,721.0	11,590.4
<b>Commodities</b>					
Gold	2,026.4	24.3	2,025.8	1,918.5	1,818.0
Crude Oil	76.83	(1.20)	74.37	78.89	75.39
Natural Gas	1.61	0.03	2.45	2.50	2.31
Wheat	584.3	17.3	596.5	612.5	738.3
Corn	404.8	-13.0	446.5	476.3	660.3

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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