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Apr 4, 2024

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Aug 5, 2024

##### Schools:

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#### CUs

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#### Banks and CUs

##### Seminar:

[Scottsdale, AZ](#)

[45th Anniversary Celebration Seminar](#)

Nov 7-8, 2024

Happy Thursday Everyone! This week's edition of Baker Market Update comes to you a day earlier than normal, due to our offices and the markets being closed tomorrow in observation of Good Friday.

Monday's release of New Home Sales data for the month of February showed a month-over-month decline of 0.3% (est. 2.3%) to a seasonally adjusted rate of 662,000 units. Sales of new single-family homes fell unexpectedly in February after mortgage rates increased during the month and the weaker than expected sales figures come despite improving data for housebuilding, which showed housing starts rose about 11% in February, according to the Commerce Department.

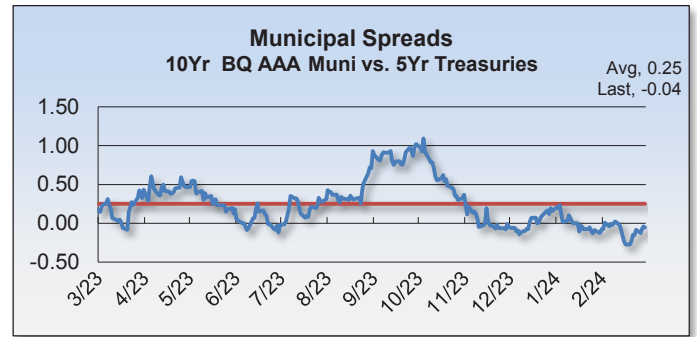
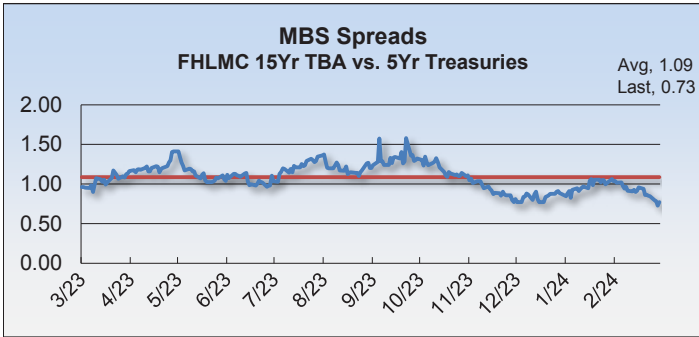
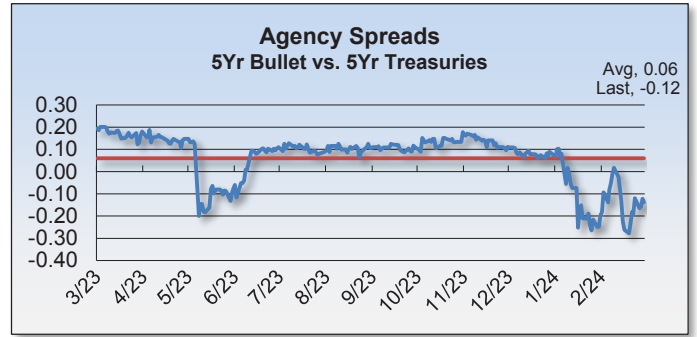
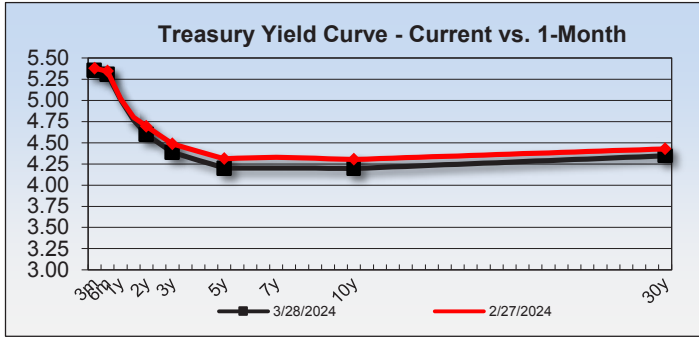
On Tuesday, orders for long-lasting U.S. manufactured goods (aka durable goods) increased more than expected in February. Orders for durable goods, items ranging from toasters to aircraft meant to last three years or more, rose 1.4% last month. On Tuesday, The Conference Board released its latest Consumer Confidence Index which came in at 104.7, essentially unchanged from a downwardly revised 104.8 in February. Assessments of the present situation improved in March, primarily driven by more positive views of the current employment situation. However, expectations for the next six months slipped to the lowest level since October 2023. Consumers' outlook for future business conditions, labor market conditions, and income expectations all deteriorated in March.

This morning had several economic releases including initial weekly jobless claims which fell 2,000 to a seasonally adjusted 210,000 for the week ended March 23. Economists had forecasts for 212,000 claims in the latest week. Claims have been hovering in the 200,000 to 213,000 range since February. Most employers are retaining their workers despite a rash of high-profile layoffs at the start of the year. Also released this morning was pending home sales data for the month of February which showed a 1.6% increase (est. 1.5%). Lastly, GDP for the 4th quarter of last year was revised upward from 3.2% to 3.4% according to the "third" estimate released by the Bureau of Economic Analysis.

U.S. Consumer Sentiment topped estimates in March to nearly hit a 3-year high. The University of Michigan's benchmark Consumer Sentiment Index rose to a final reading for the month of 79.4, the highest reading since July 2021. It surpassed consensus estimates of 76.5 in a poll of economists. Consumer assessments of both current conditions and the economic outlook both improved from the March mid-month and February final readings.

One of the more important economic releases this week will come tomorrow morning as we get updated readings for the Personal Consumption Expenditures (PCE) Deflator Index. Economists expect that the Federal Reserve's preferred measure of inflation will once again show an increase. The PCE report released tomorrow is expected to show a 0.4% increase for February and the year over year change is expected at a 2.5% increase. Fed officials have signaled that a rate cut is on the horizon and have said they are relying on the data to help them decide on a timeline. Earlier this week, Fed Governor Lisa Cook stated, "the risk of easing monetary policy too much or too soon is that it could allow above-target inflation to become entrenched and halt the progress that we have seen."

I hope everyone has a great Easter weekend!



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	5.35	(0.04)	5.40	5.47	4.70	2yr	4.67	4.53	4.12	4.38	4.64	2Yr	5.53	5.53	5.53	-
6mo	5.31	0.00	5.33	5.55	4.84	3yr	4.47	4.24	3.88	4.13	4.55	3Yr	5.31	5.32	5.30	5.31
1yr	5.00	0.01	5.01	5.47	4.54	5yr	4.26	3.97	3.56	3.78	4.36	5Yr	5.21	5.21	5.20	5.14
2yr	4.60	(0.04)	4.64	5.06	4.08	7yr	4.33	3.88	3.49	3.71	4.56	7Yr	5.22	5.24	5.23	5.16
3yr	4.39	(0.03)	4.44	4.82	3.95	10yr	4.38	3.84	3.51	3.74	4.60	10Yr	5.25	5.30	5.30	5.23
5yr	4.20	(0.05)	4.26	4.62	3.68	15yr	4.44	3.84	4.17	4.44	4.72	April TBA MBS				
7yr	4.20	(0.07)	4.29	4.64	3.63	20yr	4.49	3.81	4.70	5.01	5.06	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.20	(0.07)	4.26	4.58	3.57	25yr	4.55	3.72	4.93	5.24	5.12	3.00	5.33	5.3y	5.20	
30yr	4.35	(0.09)	4.41	4.70	3.77	30yr		3.63	5.15	5.48	5.17	3.50	5.02	5.2y		
												4.00	4.80	5.2y	5.24	9.2y
												4.50	4.81	4.8y	5.31	8.8y
												5.00			5.42	8.0y
												5.50			5.57	6.3y

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.50	5.00
Primary Discount	5.50	--	5.50	5.50	5.00
2ndary Discount	6.00	--	6.00	6.00	5.50
Prime Rate	8.50	--	8.50	8.50	8.00
Sec. O.N. Finance	5.33	0.02	5.31	5.32	--
1 Month LIBOR	5.44	0.00	5.44	5.43	4.83
3 Month LIBOR	5.57	(0.02)	5.60	5.65	5.10
6 Month LIBOR	5.65	(0.05)	5.71	5.89	4.99
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.35	0.09	5.40	5.85	5.05
1 Year CMT	4.99	(0.02)	5.03	5.49	4.51
REPO O/N	5.37	--	5.32	5.33	4.85
REPO 1Wk	5.36	(0.04)	5.35	5.40	4.86
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	5.49	5.51	5.52
6mo	5.43	5.42	5.48
1yr	5.11	5.10	5.27
2yr	4.72	4.76	4.83
3yr	4.51	4.56	4.60
4yr	4.42	4.48	4.51
5yr	4.35	4.40	4.42
7yr	4.48	4.56	4.56
10yr	4.56	4.67	4.64
5yr Am	4.15		4.63
10yr Am	4.21		4.64

Fed Fund Futures	
Maturity	Rate
Mar-24	5.330
Apr-24	5.328
May-24	5.300
Jun-24	5.210
Jul-24	5.150
Aug-24	5.050
Sep-24	4.980
Oct-24	4.870
Nov-24	4.775
Dec-24	4.680
Jan-25	4.565

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
3/25	New Home Sales MoM	Feb	2.3%	-0.3%	1.5%	1.7%
3/26	Durables Ex Transportation	Feb P	0.4%	0.5%	-0.4%	-0.3%
3/26	Cap Goods Ship Nondef Ex Air	Feb P	0.1%	-0.4%	0.9%	0.8%
3/26	FHFA House Price Index MoM	Jan	0.3%	-0.1%	0.1%	--
3/26	S&P CoreLogic CS 20-City MoM SA	Jan	0.20%	0.14%	0.21%	0.26%
3/26	S&P CoreLogic CS US HPI YoY NSA	Jan	6.12%	6.03%	5.53%	5.57%
3/26	S&P CoreLogic CS 20-City YoY NSA	Jan	6.60%	6.59%	6.13%	6.15%
3/26	Conf. Board Consumer Confidence	Mar	107.0	104.7	106.7	104.8
3/26	Conf. Board Present Situation	Mar	--	151.0	147.2	147.6
3/26	Conf. Board Expectations	Mar	--	73.8	79.8	76.3
3/27	MBA Mortgage Applications	3/22	--	-0.7%	-1.6%	--
3/28	GDP Annualized QoQ	4Q T	3.2%	3.4%	3.2%	--
3/28	GDP Price Index	4Q T	1.6%	1.6%	1.6%	--
3/28	Core PCE Price Index QoQ	4Q T	2.1%	2.0%	2.1%	--
3/28	Initial Jobless Claims	3/23	212k	210k	210k	212k
3/28	Continuing Claims	3/16	1815k	1819k	1807k	1795k
3/28	MNI Chicago PMI	Mar	46.0	41.4	44.0	--
3/28	Pending Home Sales NSA YoY	Feb	--	-2.2%	-6.8%	--
3/28	U. of Mich. Sentiment	Mar F	76.5	79.4	76.5	--
3/28	U. of Mich. Current Conditions	Mar F	79.6	82.5	79.4	--
3/28	U. of Mich. 1 Yr Inflation	Mar F	3.1%	2.9%	3.0%	--
3/29	Real Personal Spending	Feb	0.1%	--	-0.1%	--
3/29	PCE Deflator MoM	Feb	0.4%	--	0.3%	--
3/29	PCE Deflator YoY	Feb	2.5%	--	2.4%	--
3/29	PCE Core Deflator MoM	Feb	0.3%	--	0.4%	--
3/29	PCE Core Deflator YoY	Feb	2.8%	--	2.8%	--
4/1	S&P Global US Manufacturing PMI	Mar F	--	--	52.5	--
4/1	ISM Manufacturing	Mar	48.5	--	47.8	--
4/1	ISM Prices Paid	Mar	--	--	52.5	--
4/1	ISM New Orders	Mar	49.8	--	49.2	--
4/1	ISM Employment	Mar	--	--	45.9	--
4/2	JOLTS Job Openings	Feb	--	--	8863k	--
4/2	Factory Orders Ex Trans	Feb	--	--	-0.8%	--
4/3	ADP Employment Change	Mar	150k	--	140k	--
4/3	S&P Global US Services PMI	Mar F	--	--	51.7	--
4/3	S&P Global US Composite PMI	Mar F	--	--	52.2	--
4/4	Challenger Job Cuts YoY	Mar	--	--	8.8%	--
4/5	Two-Month Payroll Net Revision	Mar	--	--	--	--
4/5	Change in Nonfarm Payrolls	Mar	216k	--	275k	--
4/5	Change in Private Payrolls	Mar	178k	--	223k	--
4/5	Change in Manufact. Payrolls	Mar	--	--	-4k	--
4/5	Unemployment Rate	Mar	3.8%	--	3.9%	--
4/5	Average Hourly Earnings MoM	Mar	0.3%	--	0.1%	--
4/5	Average Hourly Earnings YoY	Mar	--	--	4.3%	--
4/5	Average Weekly Hours All Employees	Mar	34.3	--	34.3	--
4/5	Labor Force Participation Rate	Mar	--	--	62.5%	--
4/5	Underemployment Rate	Mar	--	--	7.3%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	12.3	13.0	12.3	9.9	11.1	17.0
FH/FN 15y	6.4	7.3	11.6	17.8	20.9	26.8
GN 15y	13.7	17.3	21.4	29.5	37.7	24.8
FH/FN 20y	5.3	6.2	7.1	9.1	10.1	14.1
FH/FN 30y	4.3	4.8	4.7	5.8	5.8	5.9
GN 30y	4.5	5.7	3.8	5.3	6.2	6.8

CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	11.8	12.6	12.6	12.1	13.2	15.0
FH/FN 15y	7.4	8.2	9.8	12.9	13.7	23.2
GN 15y	7.6	8.0	8.7	10.2	10.9	10.6
FH/FN 20y	7.3	8.2	9.1	10.5	11.9	14.9
FH/FN 30y	6.0	6.3	7.2	8.1	9.1	10.8
GN 30y	5.8	5.8	6.0	7.0	6.8	7.4

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	151.27	(0.35)	150.69	149.31	130.89
Euro	1.08	(0.01)	1.08	1.06	1.08
Dollar Index	104.35	0.35	103.98	106.22	102.43
<b>Major Stock Indices</b>					
Dow Jones	39,762	(19)	38,949	33,666	32,394
S&P 500	5,253.6	12.1	5,069.8	4,299.7	3,971.3
NASDAQ	16,405.2	3	15,947.7	13,201.3	11,716.1
<b>Commodities</b>					
Gold	2,204.0	19.3	2,042.7	1,860.4	1,973.5
Crude Oil	82.37	1.30	78.54	91.71	73.20
Natural Gas	1.74	0.05	1.89	2.95	2.03
Wheat	551.8	5.0	571.0	578.8	699.8
Corn	427.5	-13.3	413.3	488.5	647.3

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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