



**Luke Mikles**

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### UPCOMING EVENTS

#### Banks

##### Webinars:

ALM Education Series  
May 14, 16, 21, & 23,  
2024

##### Seminars:

IL Seminar  
Aug 5, 2024

##### Schools:

Baker Bond School  
Apr 9-10, 2024

Baker ALM School  
Aug 20-21, 2024

#### CU

##### Webinars:

Q2 CU CC Webinar  
Apr 11, 2024

##### Schools:

Baker CU Virtual  
ALM School  
Jul 24-25, 2024

Baker Bond School  
Apr 9-10, 2024

Baker ALM School  
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#### Banks and CUs

##### Seminar:

Scottsdale, AZ  
45th Anniversary  
Celebration Seminar  
Nov 7-8, 2024

Happy Jobs Friday, everyone! Investors were uneasy this week after recent economic data and comments from Minneapolis Federal Reserve President, Neel Kashkari, suggested that interest rate cuts may not be coming if inflation continues to “move sideways”. Stocks were down across the board over the last few days as investors awaited the monthly BLS Jobs Report, with the Dow having its worst day since March 2023. The belief was that a stronger than expected jobs market could add more fuel to the Fed’s fire, as increased spending power could further fuel inflation and a strong labor market gives the Fed more reasons to pause before cutting rates.

The stock market seems to be enjoying the report as the Dow Jones Industrial Average is up over 400 points this morning. However, bonds are selling off with yields rising this morning as the 10yr yield hit 4.38%. US job growth came in stronger than expected last month, with the US economy adding 303,000 jobs in March versus an estimated 214,000. The sectors with the largest gains were health care (+72,000), government (+71,000) and leisure & hospitality (+49,000). We also saw the prior two months jobs figures revised higher by 22,000, a positive change from the downward revisions we saw for the end of 2023. The unemployment rate fell to 3.8% from February’s 3.9%, matching expectations. Average hourly earnings also ticked up 0.3% in March giving us a 4.1% change year over year, which is the smallest gain since June of 2021. Continuing to add to the strength of the March report, the labor force participation rate rose 0.2% up to 62.7%. The overall strength of this report should give the Fed some pause on cutting rates as they wait to see further signs of inflation cooling and moving towards their target of 2%.

The Fed has two goals, maximum employment and stable prices. With the strong jobs numbers this week, next week’s focus will be on Wednesday and the release of March’s CPI data as well as Thursday’s PPI report. Currently CPI is expected to tick up to 3.5% YOY from the prior figure of 3.2%. CPI came in hotter than expected in both January and February, so expect there to be a close eye on this data to see if the trend continues.

Federal Reserve Chairman Jerome Powell commented on the recent inflation data in a speech at Stanford this past week and stated that the hotter CPI data is not going to “materially change the overall picture” and that reaching the inflation target of 2% can sometimes be a “bumpy path”. Powel also echoed similar statements to Kashkari, stating that “We do not expect that it will be appropriate to lower our policy rate until we have greater confidence that inflation is moving sustainably down toward 2 percent”. The market is currently pricing in a 5.7% chance of a rate cut at the May 1st meeting, with a coin flip at the June and July meetings.

University of Michigan’s Consumer Sentiment report is also on next week’s slate of data releases. Consumer sentiment is expected to tick down slightly to 78.7% from 79.4%, following a relatively steady rise in the index since the end of 2023.

(Continued)



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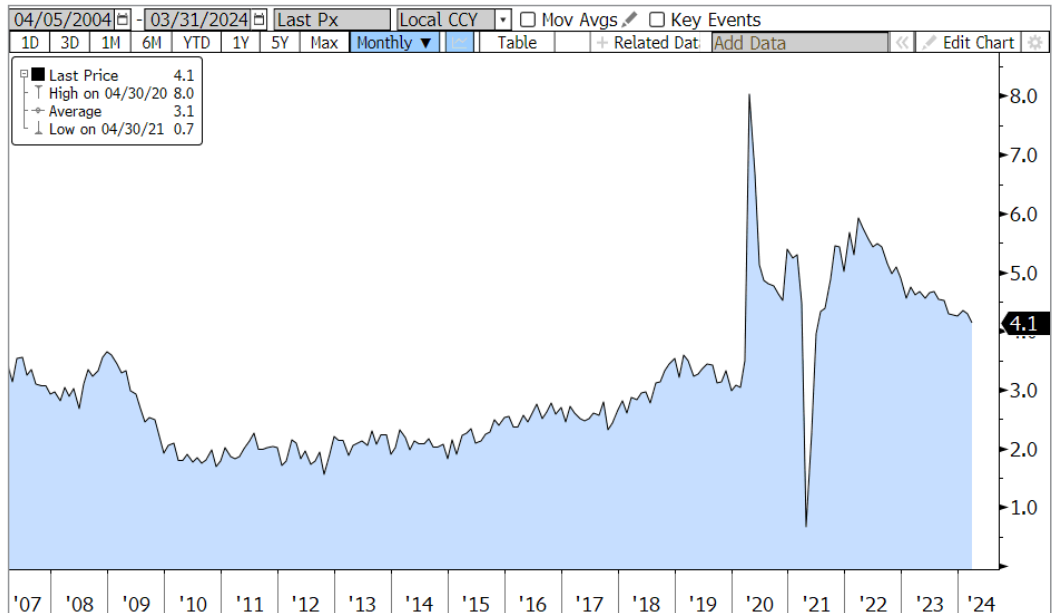
#### Banks and CUs

##### Seminar:

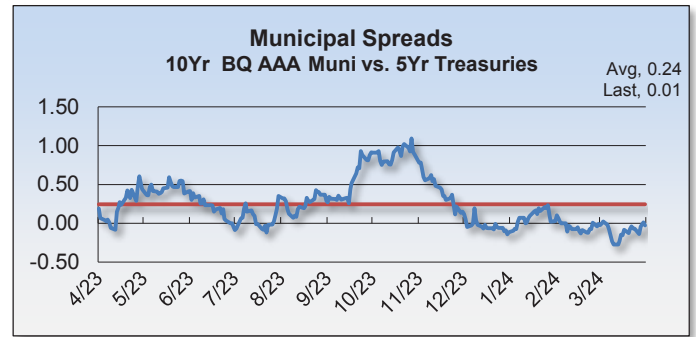
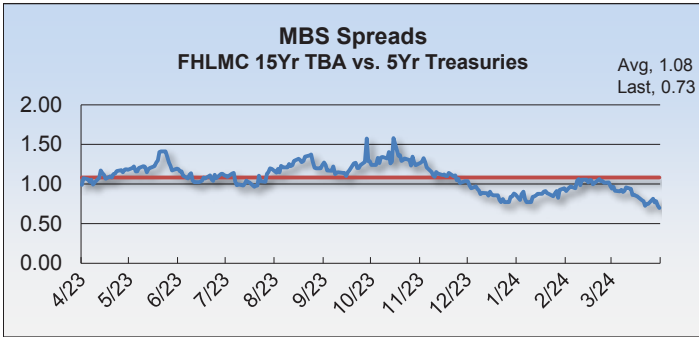
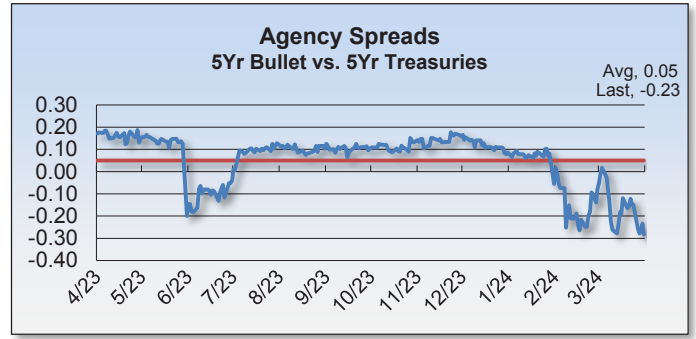
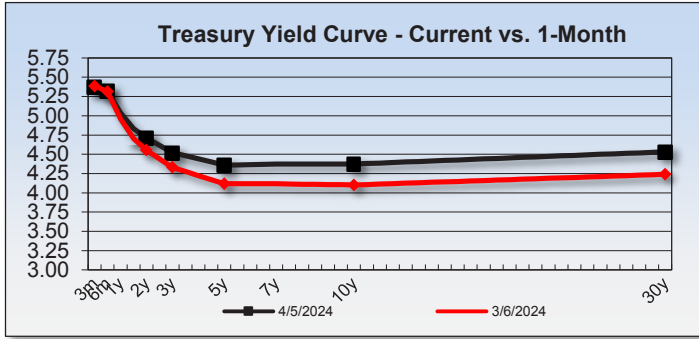
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Before we get to next week's data though, we have the Final Four of both the women's and men's NCAA basketball tournament. My eyes will be on the unlikely #11 seeded North Carolina State Wolfpack and their unstoppable force DJ Burns as they take on #1 seeded Purdue and their immovable object, reigning National Player of the Year Zach Edey.

### US Average Hourly Earnings Percent Change YoY (2004-current)



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	5.37	(0.00)	5.37	5.50	4.83	2yr	4.67	4.61	4.35	4.63	4.71	2Yr	5.53	5.53	5.53	-
6mo	5.32	(0.00)	5.31	5.56	4.78	3yr	4.47	4.35	4.06	4.32	4.63	3Yr	5.31	5.32	5.30	5.31
1yr	5.04	0.01	4.95	5.38	4.44	5yr	4.26	4.11	3.75	3.99	4.46	5Yr	5.21	5.21	5.20	5.14
2yr	4.71	0.09	4.56	5.02	3.78	7yr	4.33	4.03	3.65	3.89	4.66	7Yr	5.22	5.24	5.23	5.16
3yr	4.52	0.11	4.34	4.82	3.65	10yr	4.38	3.99	3.68	3.92	4.71	10Yr	5.25	5.30	5.30	5.23
5yr	4.36	0.15	4.15	4.69	3.37	15yr	4.44	3.99	4.34	4.62	4.83	May TBA MBS				
7yr	4.37	0.16	4.16	4.73	3.35	20yr	4.49	3.96	4.84	5.16	5.17	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.37	0.17	4.15	4.72	3.31	25yr	4.55	3.87	5.07	5.39	5.23	2.50	5.41	5.3y	5.17	
30yr	4.53	0.19	4.29	4.89	3.57	30yr	4.55	3.77	5.29	5.63	5.28	3.00	5.49	5.3y	5.17	
												3.50	5.15	5.2y	5.39 9.8y	
												4.00	4.89	5.2y	5.37 9.3y	
												4.50			5.43 9.0y	
												5.00			5.52 8.2y	

\* 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	5.32	(0.02)	5.31	5.32	--
1 Month LIBOR	5.44	(0.00)	5.44	5.44	4.86
3 Month LIBOR	5.57	0.00	5.59	5.68	5.22
6 Month LIBOR	5.67	0.02	5.70	5.91	5.32
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.32	(0.03)	5.39	5.73	5.03
1 Year CMT	5.00	(0.03)	4.98	5.42	4.50
REPO O/N	5.37	--	5.37	5.36	4.90
REPO 1Wk	5.38	(0.03)	5.35	5.37	4.76
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	5.48	5.49	5.52
6mo	5.42	5.41	5.47
1yr	5.12	5.12	5.31
2yr	4.82	4.86	4.94
3yr	4.64	4.69	4.74
4yr	4.57	4.62	4.67
5yr	4.51	4.56	4.60
7yr	4.65	4.72	4.74
10yr	4.74	4.82	4.83
5yr Am	4.15		4.78
10yr Am	4.21		4.81

Fed Fund Futures	
Maturity	Rate
Apr-24	5.328
May-24	5.310
Jun-24	5.230
Jul-24	5.170
Aug-24	5.070
Sep-24	5.000
Oct-24	4.900
Nov-24	4.820
Dec-24	4.725
Jan-25	4.625
Feb-25	4.525

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
4/1	S&P Global US Manufacturing PMI	Mar F	52.5	51.9	52.5	--
4/1	ISM Manufacturing	Mar	48.3	50.3	47.8	--
4/1	ISM Prices Paid	Mar	53.0	55.8	52.5	--
4/1	ISM New Orders	Mar	49.8	51.4	49.2	--
4/1	ISM Employment	Mar	47.5	47.4	45.9	--
4/2	JOLTS Job Openings	Feb	8730k	8756k	8863k	8748k
4/2	Factory Orders	Feb	1.0%	1.4%	-3.6%	-3.8%
4/2	Factory Orders Ex Trans	Feb	0.5%	1.1%	-0.8%	-0.6%
4/2	Durable Goods Orders	Feb F	1.4%	1.3%	1.4%	--
4/2	Durables Ex Transportation	Feb F	0.5%	0.3%	0.5%	--
4/2	Cap Goods Orders Nondef Ex Air	Feb F	0.7%	0.7%	0.7%	--
4/2	Cap Goods Ship Nondef Ex Air	Feb F	--	-0.6%	-0.4%	--
4/2	Wards Total Vehicle Sales	Mar	15.85m	15.49m	15.81m	--
4/3	MBA Mortgage Applications	3/29	--	-0.6%	-0.7%	--
4/3	ADP Employment Change	Mar	150k	184k	140k	155k
4/3	S&P Global US Services PMI	Mar F	51.7	51.7	51.7	--
4/3	S&P Global US Composite PMI	Mar F	--	52.1	52.2	--
4/3	ISM Services Index	Mar	52.8	51.4	52.6	--
4/3	ISM Services Prices Paid	Mar	58.4	53.4	58.6	--
4/3	ISM Services Employment	Mar	49.0	48.5	48.0	--
4/3	ISM Services New Orders	Mar	55.5	54.4	56.1	--
4/4	Challenger Job Cuts YoY	Mar	--	0.70%	8.80%	--
4/4	Trade Balance	Feb	-\$67.6b	-\$68.9b	-\$67.4b	-\$67.6b
4/4	Initial Jobless Claims	3/30	214k	221k	240k	212k
4/4	Continuing Claims	3/23	1811k	1791k	1819k	1810k
4/5	Two-Month Payroll Net Revision	Mar	--	22k	--	--
4/5	Change in Nonfarm Payrolls	Mar	214k	303k	275k	270k
4/5	Change in Private Payrolls	Mar	170k	232k	223k	207k
4/5	Change in Manufact. Payrolls	Mar	3k	0k	-4k	-10k
4/5	Unemployment Rate	Mar	3.8%	3.8%	3.9%	--
4/5	Average Hourly Earnings YoY	Mar	4.1%	4.1%	4.3%	--
4/5	Average Weekly Hours All Employees	Mar	34.3	34.4	34.3	--
4/5	Labor Force Participation Rate	Mar	62.60%	62.70%	62.50%	--
4/5	Underemployment Rate	Mar	--	7.30%	7.30%	--
4/5	Consumer Credit	Feb	\$15.000b	--	\$19.495b	--
4/9	NFIB Small Business Optimism	Mar	90.0	--	89.4	--
4/10	CPI YoY	Mar	3.5%	--	3.2%	--
4/10	CPI Ex Food and Energy YoY	Mar	3.7%	--	3.8%	--
4/10	CPI Core Index SA	Mar	--	--	315.57	--
4/10	Real Avg Hourly Earning YoY	Mar	--	--	1.1%	--
4/10	Real Avg Weekly Earnings YoY	Mar	--	--	0.5%	--
4/10	Monthly Budget Statement	Mar	--	--	-\$296.3b	--
4/11	PPI Final Demand YoY	Mar	--	--	1.6%	--
4/11	PPI Ex Food and Energy YoY	Mar	--	--	2.0%	--
4/11	PPI Ex Food, Energy, Trade YoY	Mar	--	--	2.8%	--
4/12	Import Price Index YoY	Mar	--	--	-0.8%	--
4/12	Export Price Index YoY	Mar	--	--	-1.8%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	11.4	13.1	14.5	12.7	12.8	16.6
FH/FN 15y	5.8	7.1	7.7	12.4	19.2	23.4
GN 15y	12.3	15.0	17.5	22.6	29.2	36.8
FH/FN 20y	4.6	5.6	6.5	7.5	9.7	11.6
FH/FN 30y	3.9	3.3	5.0	5.2	4.8	5.4
GN 30y	3.6	4.8	5.1	3.3	5.5	6.0

CPR Projections						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	10.9	11.8	12.5	12.5	11.9	13.0
FH/FN 15y	6.9	7.4	8.1	9.6	12.3	13.1
GN 15y	7.3	7.6	7.9	8.7	10.2	11.2
FH/FN 20y	6.3	7.3	8.1	9.0	10.3	11.7
FH/FN 30y	5.2	5.9	6.2	7.1	7.9	8.8
GN 30y	4.6	5.6	5.7	5.8	6.9	6.8

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	151.53	0.18	150.05	148.51	131.32
Euro	1.08	0.00	1.09	1.06	1.09
Dollar Index	104.43	(0.12)	103.80	106.33	101.85
<b>Major Stock Indices</b>					
Dow Jones	38,732	(1,076)	38,585	33,120	33,483
S&P 500	5,176.7	(77.7)	5,078.7	4,258.2	4,090.4
NASDAQ	16,188.8	(191)	15,939.6	13,219.8	11,996.9
<b>Commodities</b>					
Gold	2,329.9	112.5	2,141.9	1,831.8	2,035.6
Crude Oil	86.76	3.59	78.15	82.31	80.61
Natural Gas	1.78	0.01	1.96	3.17	2.16
Wheat	574.3	14.0	551.0	578.3	682.0
Corn	437.0	-5.0	426.3	497.5	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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