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UPCOMING EVENTS

Banks

Webinars:

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

Q1 Bank Trends
May 15, 2024

Seminars:

IL Seminar
Aug 5, 2024

Schools:

Baker ALM School
Aug 20-21, 2024

CUs

Schools:

Baker CU Virtual
ALM School
Jul 24-25, 2024

Baker ALM School
Aug 20-21, 2024

Banks and CUs

Seminar:

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

Bond yields have been back-and-forth this week as markets work to digest an inflationary Retail Sales number with a potentially escalating situation between Israel and Iran in the Middle East. Following last week's higher-than-expected CPI number, markets looked to Retail Sales to gauge the temperature of the Consumer and were further rattled when the headline number came in at 0.7% vs the expectation of 0.4%. Diving deeper into the number, much of the uptick in consumer spending was driven by online sales, while sales for larger ticket items like autos, furniture and appliances declined. This may suggest that consumers are attentive to higher interest rates and are being selective with their spending even as spending is being driven by higher incomes.

Increased consumer spending in the face of persistent inflation could cause one to wonder if the Fed feels their current policy is restrictive enough, fortunately 4 of the 12 voting members of the Fed went on record this week including Fed Chair Jerome Powell and John Williams (President of the New York Fed and permanent voting member) to give their thoughts.

John Williams, New York Fed (April 15) – “I do think we have restrictive monetary policy. I do think policy is tight.”

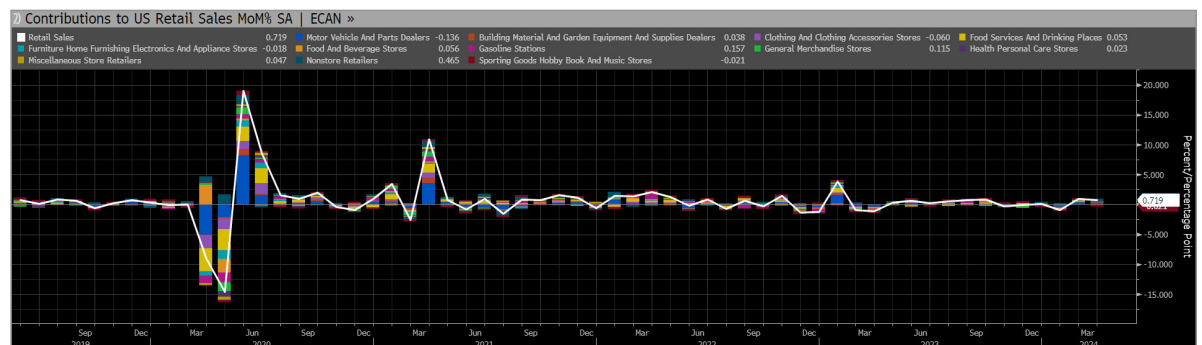
Jerome Powell, Fed Chair (April 16) – “Given the strength of the labor market and progress on inflation so far, it is appropriate to allow restrictive policy further time to work and let the data and the evolving outlook guide us.”

Michelle Bowman, Board of Governors (April 17) – “I think it is restrictive. I think time will tell whether it is sufficiently restrictive.”

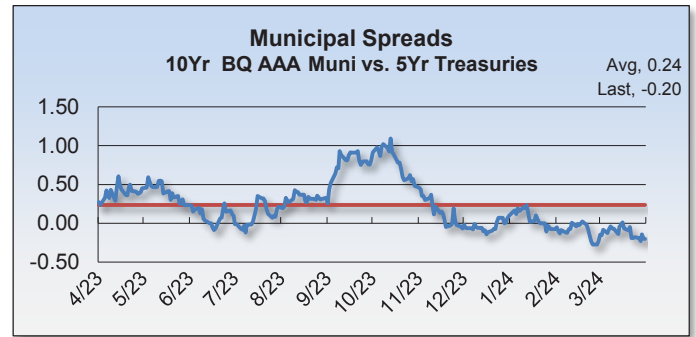
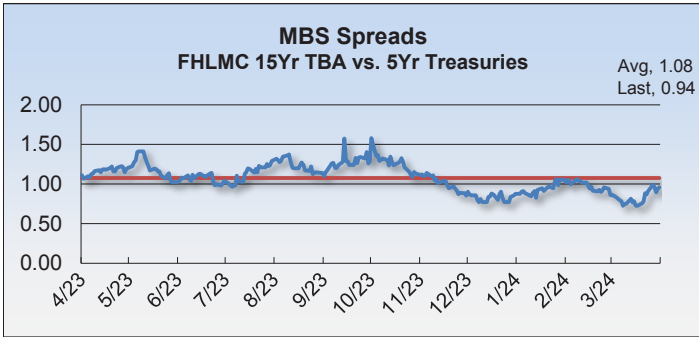
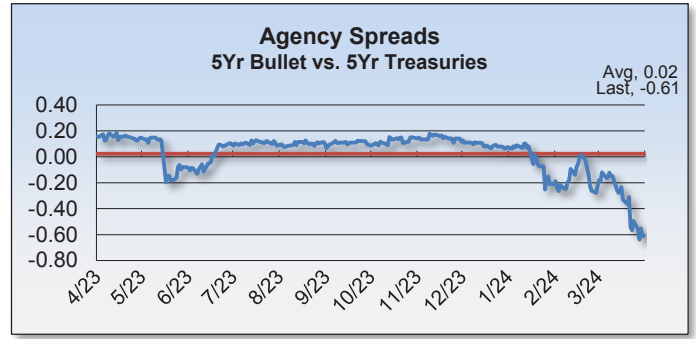
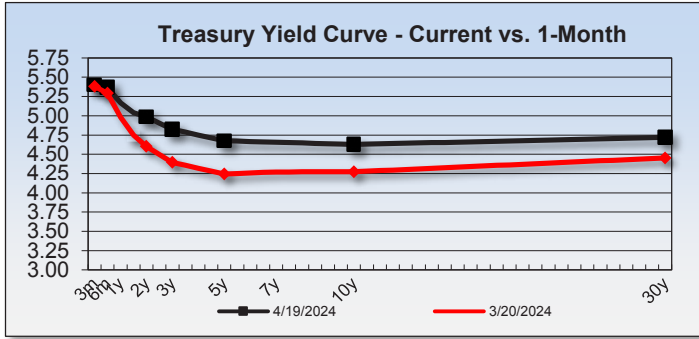
Raphael Bostic, Atlanta Fed (April 18) – “Right now where our stance is, I think is a restrictive stance, it will slow the economy down and eventually get us to 2%”

Without letting on too much, members of the Fed seem to feel they are currently adequately restrictive, but “higher-for-longer” isn't out of the question. Fed Funds Futures are projecting between 1-2 rate cuts of 25bps by year-end with only a -2.6% chance of a rate cut at the next Fed meeting in May.

Looking forward to next week, we'll get a look at 1st Quarter GDP and the Bureau of Economic Analysis' Personal Income and Expenditures numbers. Hope everyone has a great weekend!



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	Mty	Agency Calls - Euro			
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³			3Mo	6mo	1Yr	2Yr
3mo	5.40	0.01	5.39	5.48	5.12	2yr	5.02	4.86	4.41	4.69	5.06	2Yr	5.53	5.53	5.53	-
6mo	5.37	0.02	5.34	5.54	5.07	3yr	4.90	4.63	4.17	4.44	4.99	3Yr	5.31	5.32	5.30	5.31
1yr	5.17	0.03	5.09	5.43	4.81	5yr	4.75	4.37	3.89	4.14	4.86	5Yr	5.21	5.21	5.20	5.14
2yr	4.99	0.09	4.69	5.16	4.25	7yr	4.78	4.26	3.81	4.05	5.03	7Yr	5.22	5.24	5.23	5.16
3yr	4.82	0.09	4.47	5.02	4.06	10yr	4.80	4.19	3.84	4.08	5.05	10Yr	5.25	5.30	5.30	5.23
5yr	4.68	0.12	4.30	4.96	3.70	15yr	4.83	4.17	4.47	4.75	5.17	May TBA MBS				
7yr	4.66	0.11	4.31	5.01	3.65	20yr	4.85	4.12	5.00	5.32	5.45	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.63	0.10	4.29	4.99	3.59	25yr	4.88	4.02	5.23	5.57	5.51	3.00	5.89	5.3y	5.64	
30yr	4.72	0.09	4.44	5.11	3.79	30yr	3.91	3.91	5.46	5.81	5.56	3.50	5.52	5.3y		
												4.00	5.25	5.4y	5.68 9.8y	
												4.50	5.20	5.2y	5.72 10.1y	
												5.00			5.84 9.4y	
												5.50			6.03 8.3y	

* 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	5.30	(0.01)	5.31	5.30	--
1 Month LIBOR	5.43	(0.00)	5.44	5.45	4.95
3 Month LIBOR	5.59	0.03	5.59	5.66	5.27
6 Month LIBOR	5.73	0.07	5.69	5.88	5.39
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.38	0.01	5.35	5.73	5.35
1 Year CMT	5.18	0.01	5.06	5.47	4.81
REPO O/N	5.37	--	5.37	5.37	4.82
REPO 1Wk	5.34	(0.05)	5.35	5.36	4.89
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	5.55
6mo	5.47	5.47	5.53
1yr	5.28	5.27	5.45
2yr	5.05	5.11	5.19
3yr	4.90	4.96	5.02
4yr	4.83	4.91	4.96
5yr	4.77	4.83	4.88
7yr	4.85	4.94	4.96
10yr	4.93	5.05	5.04
5yr Am	4.15		5.05
10yr Am	4.21		5.05

Fed Fund Futures	
Maturity	Rate
Apr-24	5.330
May-24	5.320
Jun-24	5.300
Jul-24	5.285
Aug-24	5.210
Sep-24	5.165
Oct-24	5.105
Nov-24	5.060
Dec-24	5.005
Jan-25	4.940
Feb-25	4.875

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
4/15	Empire Manufacturing	Apr	-5.2	-14.3	-20.9	--
4/15	Retail Sales Advance MoM	Mar	0.4%	0.7%	0.6%	0.9%
4/15	Retail Sales Ex Auto MoM	Mar	0.5%	1.1%	0.3%	0.6%
4/15	Retail Sales Ex Auto and Gas	Mar	0.3%	1.0%	0.3%	0.5%
4/15	Retail Sales Control Group	Mar	0.4%	1.1%	0.0%	0.3%
4/15	Business Inventories	Feb	0.4%	0.4%	0.0%	--
4/15	NAHB Housing Market Index	Apr	51	51	51	--
4/16	Housing Starts	Mar	1485k	1321k	1524k	1549k
4/16	Building Permits	Mar	1510k	1458k	1518k	1523k
4/16	Housing Starts MoM	Mar	-2.4%	-14.7%	10.7%	12.7%
4/16	Building Permits MoM	Mar	-0.9%	-4.3%	1.9%	2.3%
4/16	Industrial Production MoM	Mar	0.4%	0.4%	0.1%	0.4%
4/16	Capacity Utilization	Mar	78.5%	78.4%	78.3%	78.2%
4/16	Manufacturing (SIC) Production	Mar	0.2%	0.5%	0.8%	1.2%
4/17	MBA Mortgage Applications	4/12	--	3.3%	0.1%	--
4/17	Total Net TIC Flows	Feb	--	\$51.6b	-\$8.8b	-\$30.8b
4/17	Net Long-term TIC Flows	Feb	--	\$71.5b	\$36.1b	\$14.0b
4/18	Philadelphia Fed Business Outlook	Apr	2.0	15.5	3.2	--
4/18	Initial Jobless Claims	4/13	215k	212k	244k	212k
4/18	Continuing Claims	4/6	1818k	1812k	1817k	1810k
4/18	Leading Index	Mar	-0.1%	-0.3%	0.1%	0.2%
4/18	Existing Home Sales	Mar	4.20m	4.19m	4.38m	--
4/18	Existing Home Sales MoM	Mar	-4.1%	-4.3%	9.5%	--
4/22	Chicago Fed Nat Activity Index	Mar	--	--	5.0%	--
4/23	S&P Global US Manufacturing PMI	Apr P	52.0	--	51.9	--
4/23	S&P Global US Services PMI	Apr P	52.0	--	51.7	--
4/23	S&P Global US Composite PMI	Apr P	52.0	--	52.1	--
4/23	New Home Sales	Mar	670k	--	662k	--
4/23	New Home Sales MoM	Mar	1.2%	--	-0.3%	--
4/23	Richmond Fed Manuf. Index	Apr	--	--	-11	--
4/24	Durable Goods Orders	Mar P	2.9%	--	1.3%	--
4/24	Durables Ex Transportation	Mar P	0.3%	--	0.3%	--
4/24	Cap Goods Orders Nondef Ex Air	Mar P	0.2%	--	0.7%	--
4/24	Cap Goods Ship Nondef Ex Air	Mar P	0.2%	--	-0.6%	--
4/25	GDP Annualized QoQ	1Q A	2.5%	--	3.4%	--
4/25	Personal Consumption	1Q A	2.6%	--	3.3%	--
4/25	GDP Price Index	1Q A	3.0%	--	1.6%	--
4/25	Core PCE Price Index QoQ	1Q A	3.4%	--	2.0%	--
4/25	Retail Inventories MoM	Mar	--	--	0.5%	0.6%
4/25	Pending Home Sales NSA YoY	Mar	--	--	-2.2%	--
4/26	Personal Income	Mar	0.5%	--	0.3%	--
4/26	Personal Spending	Mar	0.6%	--	0.8%	--
4/26	Real Personal Spending	Mar	0.2%	--	0.4%	--
4/26	PCE Deflator MoM	Mar	0.3%	--	0.3%	--
4/26	PCE Deflator YoY	Mar	2.6%	--	2.5%	--
4/26	PCE Core Deflator MoM	Mar	--	--	0.3%	--
4/26	PCE Core Deflator YoY	Mar	2.7%	--	2.8%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	13.1	14.5	12.7	12.8	16.6	20.2
FH/FN 15y	7.1	7.7	12.4	19.2	23.4	28.4
GN 15y	15.0	17.5	22.6	29.2	36.8	43.2
FH/FN 20y	5.6	6.5	7.5	9.7	11.6	15.5
FH/FN 30y	3.3	5.0	5.2	4.8	5.4	4.7
GN 30y	4.8	5.1	3.3	5.5	6.0	6.8
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.8	11.3	11.7	12.7	14.8	16.2
FH/FN 15y	6.9	7.2	9.8	14.5	13.0	17.4
GN 15y	8.8	10.7	10.9	11.6	12.9	16.1
FH/FN 20y	6.4	6.4	7.1	8.2	10.0	11.4
FH/FN 30y	5.6	5.9	6.2	6.8	7.9	9.5
GN 30y	5.9	6.5	7.9	8.2	8.8	10.5

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	154.59	1.36	150.53	149.80	134.83
Euro	1.07	0.00	1.08	1.06	1.09
Dollar Index	105.95	(0.09)	103.82	106.25	101.97
Major Stock Indices					
Dow Jones	37,949	(34)	39,111	33,414	33,897
S&P 500	5,010.5	(112.9)	5,178.5	4,278.0	4,154.5
NASDAQ	15,489.7	(685)	16,166.8	13,186.2	12,157.2
Commodities					
Gold	2,377.8	21.6	2,159.7	1,968.4	1,995.2
Crude Oil	82.86	(2.80)	83.47	89.37	79.16
Natural Gas	1.80	0.03	1.74	2.96	2.22
Wheat	543.8	-12.3	552.5	594.0	681.8
Corn	430.0	-5.5	439.5	505.0	672.3

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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