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UPCOMING EVENTS

Banks

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[ALM Education Series](#)
May 14, 16, 21, & 23,
2024

[Q1 Bank Trends](#)
May 15, 2024

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Aug 5, 2024

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Aug 20-21, 2024

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Jul 24-25, 2024

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[Celebration Seminar](#)
Nov 7-8, 2024

This morning's hotly anticipated inflation report seems to have markets focused on the silver lining. Although March's Personal Consumption Expenditure (PCE) reading was strong, it wasn't strong enough to completely erode the case for interest rate cuts this year. Given the bond market's reaction to the less than 1bp miss in March's monthly CPI reading just two weeks ago (which caused the 10-year yield to soar more than 20bps intraday), you'd be forgiven for thinking rates would be up this morning. Instead, markets are feeling Jim Carey's famous line from Dumb and Dumber, "So you're telling me there's a chance!" The 2-year UST is currently down 2bps from yesterday's close at 4.97%, the 5-year is down almost 5bps at 4.66%, and the 10-year is down 5bps at 4.65%.

March's monthly PCE readings were in line with expectations, but the year-over-year readings came in stronger than forecast. Headline inflation rose 0.3% in March (survey also 0.3%) and 2.7% from a year ago (survey 2.6%). Excluding food and energy, Core PCE rose 0.3% (survey also 0.3%) and 2.8% from a year ago (survey 2.7%). The uptrend will undoubtedly worry some at the Fed ahead of their policy meeting next week. Of particular concern to policymakers is the measure of services less housing, which has been particularly sticky. That metric accelerated MoM, coming in at 0.4% for the month of March.

Personal Income levels were in line with expectations, but personal spending rose more than expected. Income rose 0.5% in March (0.5% survey), but personal spending climbed 0.8% (vs. 0.6% survey). A robust labor market is likely at least partly to blame for persistently strong spending in the U.S., despite higher prices and higher interest rates. However, because spending levels are outpacing income gains, more and more of that spending is now on credit, reinforcing the concern that the only thing able to fully put inflation to bed will be a recession.

Also this week we got a rare downside surprise in Q1 GDP data, which showed the initial reading of first quarter growth at 1.6%, much lower than the estimate of 2.5%. For the last several quarters, GDP growth had been posting stronger than expected gains. This was the softest reading since the second quarter of 2022, and perhaps reflects some pullback resulting from the higher rate environment and overall higher costs related to inflation.

Housing data came in mostly stronger than expected for the month of March. New Home Sales popped 8.8% MoM (vs. 0.9% expected), to a 693k annualized pace. This is the fastest increase since September as an abundance of inventory helped drive prices lower. The supply of new homes rose to 477k in the month of March, the highest level of inventory since 2008. Pending Home Sales also climbed to their highest level in a year, rising 3.4% in the month of March (vs. 0.4% expected). Although the measure has reached a recent high point, it remains very low overall and not likely to show meaningful gains without a substantial decline in mortgage rates and increase in inventory.

(Continued)



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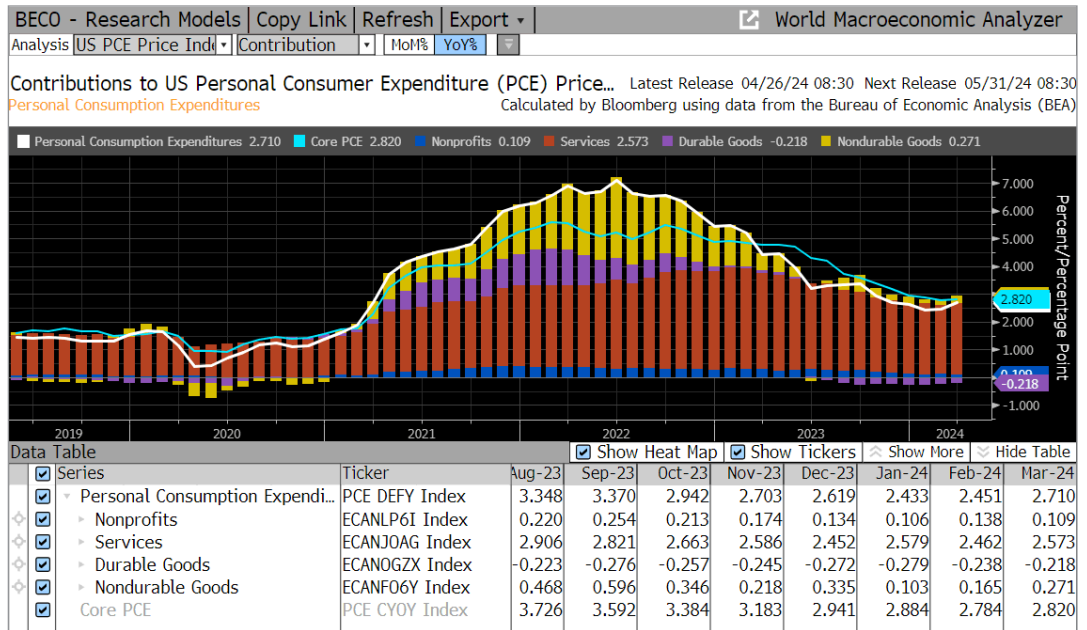
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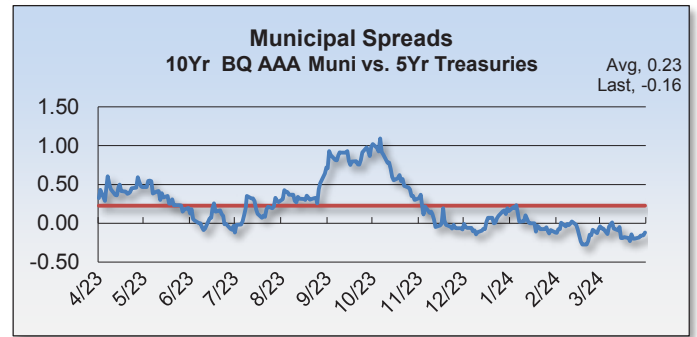
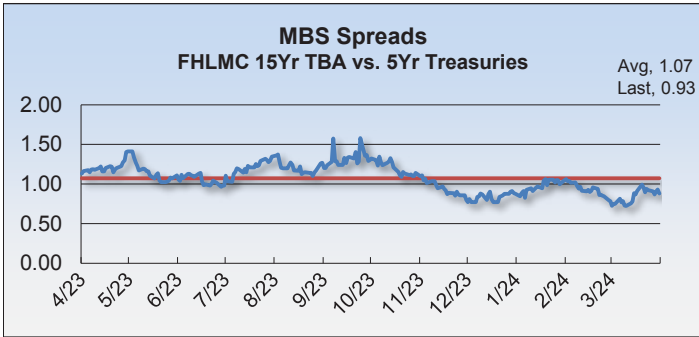
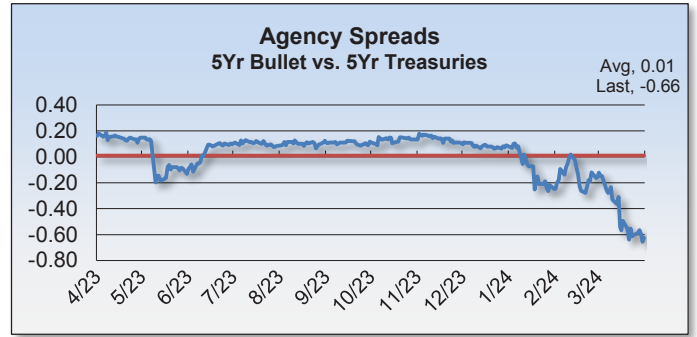
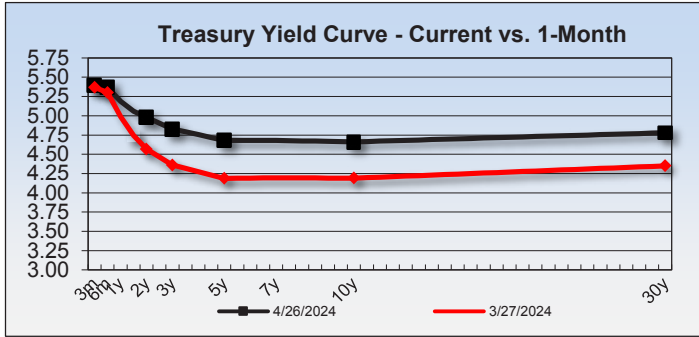
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Next week is packed with important data and economic events. As is customary, the first week of the month will provide a slew of data points on the state of the labor market, culminating with the all-important Employment Situation Report (aka. non-farm payrolls and unemployment rate) on Friday. The FOMC also has its next policy meeting next week with their latest rate decision and post-meeting press conference scheduled for Wednesday. Have a great weekend!





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)	5.36	5.46	5.13	2yr	5.02	4.93	4.51	4.80	5.07	2Yr	5.53	5.53	5.53	-
6mo	5.37	(0.00)	5.31	5.54	4.99	3yr	4.90	4.71	4.27	4.54	5.01	3Yr	5.31	5.32	5.30	5.31
1yr	5.19	0.02	4.99	5.41	4.67	5yr	4.75	4.47	3.99	4.25	4.89	5Yr	5.21	5.21	5.20	5.14
2yr	4.98	(0.01)	4.59	5.04	3.95	7yr	4.78	4.38	3.91	4.16	5.09	7Yr	5.22	5.24	5.23	5.16
3yr	4.83	0.01	4.39	4.88	3.80	10yr	4.80	4.31	3.93	4.19	5.11	10Yr	5.25	5.30	5.30	5.23
5yr	4.68	0.01	4.22	4.80	3.50	15yr	4.83	4.30	4.56	4.86	5.23	May TBA MBS				
7yr	4.68	0.03	4.24	4.87	3.48	20yr	4.85	4.24	5.10	5.42	5.52	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.66	0.04	4.23	4.85	3.45	25yr	4.88	4.14	5.32	5.66	5.58	3.00	5.90	5.4y	5.65	
30yr	4.78	0.07	4.40	4.99	3.70	30yr		4.03	5.54	5.90	5.63	3.50	5.51	5.3y		
												4.00	5.23	5.5y	5.67	9.9y
												4.50	5.20	5.2y	5.71	10.2y
												5.00			5.82	9.5y
												5.50			6.00	8.5y

* 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	5.31	0.01	5.31	5.30	--
1 Month LIBOR	5.43	0.00	5.45	5.44	5.02
3 Month LIBOR	5.59	0.00	5.57	5.65	5.29
6 Month LIBOR	5.72	(0.01)	5.65	5.88	5.41
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.38	--	5.33	5.79	5.23
1 Year CMT	5.21	0.03	5.00	5.43	4.60
REPO O/N	5.37	--	5.37	5.33	4.82
REPO 1Wk	5.41	0.07	5.41	5.35	4.78
CoF Federal	3.893	--	3.889	3.743	3.239
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	5.49	5.48	5.54
1yr	5.29	5.29	5.46
2yr	5.05	5.12	5.20
3yr	4.92	4.99	5.06
4yr	4.85	4.93	4.99
5yr	4.80	4.86	4.92
7yr	4.91	5.00	5.03
10yr	5.01	5.11	5.13
5yr Am	4.15		5.08
10yr Am	4.21		5.10

Fed Fund Futures	
Maturity	Rate
Apr-24	5.330
May-24	5.320
Jun-24	5.310
Jul-24	5.300
Aug-24	5.240
Sep-24	5.195
Oct-24	5.140
Nov-24	5.095
Dec-24	5.035
Jan-25	4.975
Feb-25	4.910

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
4/22	Chicago Fed Nat Activity Index	Mar	0.1	0.2	0.1	0.1
4/23	Philadelphia Fed Non-Manufacturing Act	Apr	--	-12.4	-18.3	--
4/23	S&P Global US Manufacturing PMI	Apr P	52.0	49.9	51.9	--
4/23	S&P Global US Services PMI	Apr P	52.0	50.9	51.7	--
4/23	S&P Global US Composite PMI	Apr P	52.0	50.9	52.1	--
4/23	New Home Sales	Mar	668k	693k	662k	637k
4/23	Richmond Fed Manufact. Index	Apr	-8.0	-7.0	-11.0	--
4/23	Richmond Fed Business Conditions	Apr	--	-6.0	-8.0	--
4/24	MBA Mortgage Applications	4/19	--	-2.7%	3.3%	--
4/24	Durable Goods Orders	Mar P	2.5%	2.6%	1.3%	0.7%
4/24	Durables Ex Transportation	Mar P	0.2%	0.2%	0.3%	0.1%
4/24	Cap Goods Orders Nondef Ex Air	Mar P	0.2%	0.2%	0.7%	0.4%
4/24	Cap Goods Ship Nondef Ex Air	Mar P	0.2%	0.2%	-0.6%	--
4/25	GDP Annualized QoQ	1Q A	2.5%	1.6%	3.4%	--
4/25	Personal Consumption	1Q A	3.0%	2.5%	3.3%	--
4/25	GDP Price Index	1Q A	3.0%	3.1%	1.6%	--
4/25	Core PCE Price Index QoQ	1Q A	3.4%	3.7%	2.0%	--
4/25	Advance Goods Trade Balance	Mar	-\$91.0b	-\$91.8b	-\$91.8b	-\$90.3b
4/25	Initial Jobless Claims	4/20	215k	207k	212k	--
4/25	Continuing Claims	4/13	1814k	1781k	1812k	1796k
4/25	Pending Home Sales NSA YoY	Mar	-3.0%	-4.5%	-2.2%	--
4/26	Personal Income	Mar	0.5%	0.5%	0.3%	--
4/26	Personal Spending	Mar	0.6%	0.8%	0.8%	--
4/26	Real Personal Spending	Mar	0.3%	0.5%	0.4%	0.5%
4/26	PCE Deflator YoY	Mar	2.6%	2.7%	2.5%	--
4/26	PCE Core Deflator YoY	Mar	2.7%	2.8%	2.8%	--
4/26	U. of Mich. Sentiment	Apr F	77.9	77.2	77.9	--
4/26	U. of Mich. Current Conditions	Apr F	79.1	79.0	79.3	--
4/26	U. of Mich. Expectations	Apr F	77.1	76.0	77.0	--
4/26	U. of Mich. 1 Yr Inflation	Apr F	3.1%	3.2%	3.1%	--
4/26	U. of Mich. 5-10 Yr Inflation	Apr F	3.0%	3.0%	3.0%	--
4/26	Kansas City Fed Services Activity	Apr	--	9.0	7.0	--
4/29	Dallas Fed Manf. Activity	Apr	-11.3	--	-14.4	--
4/30	Employment Cost Index	1Q	1.0%	--	0.9%	--
4/30	FHFA House Price Index MoM	Feb	0.1%	--	-0.1%	--
4/30	S&P CoreLogic CS 20-City MoM SA	Feb	0.1%	--	0.1%	--
4/30	S&P CoreLogic CS US HPI YoY NSA	Feb	--	--	6.0%	--
4/30	S&P CoreLogic CS 20-City YoY NSA	Feb	6.7%	--	6.6%	--
4/30	MNI Chicago PMI	Apr	44.3	--	41.4	--
4/30	Dallas Fed Services Activity	Apr	--	--	-5.5	--
5/1	ADP Employment Change	Apr	185k	--	184k	--
5/1	JOLTS Job Openings	Mar	8700k	--	8756k	--
5/1	ISM Manufacturing	Apr	50.1	--	50.3	--
5/1	ISM Prices Paid	Apr	--	--	55.8	--
5/1	ISM New Orders	Apr	--	--	51.4	--
5/1	ISM Employment	Apr	--	--	47.4	--
5/1	Interest on Reserve Balances Rate	5/2	5.4%	--	5.4%	--

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	11.6	12.7	14.8	16.2
FH/FN 15y	6.8	7.2	9.7	14.4	13.0	16.9
GN 15y	8.8	10.7	10.8	11.5	12.8	16.0
FH/FN 20y	6.4	6.4	7.0	8.1	9.9	11.3
FH/FN 30y	5.5	5.8	6.2	6.8	7.7	9.3
GN 30y	5.9	6.5	7.9	8.1	8.5	10.1

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	157.42	2.78	151.28	150.27	133.42
Euro	1.07	0.00	1.09	1.05	1.10
Dollar Index	106.18	0.02	104.30	106.60	101.47
Major Stock Indices					
Dow Jones	38,155	169	39,282	32,784	33,302
S&P 500	5,104.9	137.7	5,203.6	4,137.2	4,056.0
NASDAQ	15,911.8	630	16,315.7	12,595.6	11,854.4
Commodities					
Gold	2,332.9	(65.5)	2,177.2	1,987.2	1,985.7
Crude Oil	83.59	0.45	81.62	83.21	74.30
Natural Gas	1.61	(0.14)	1.58	3.21	2.12
Wheat	607.0	56.8	543.5	579.5	627.3
Corn	442.3	8.8	432.5	479.3	641.5

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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