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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:

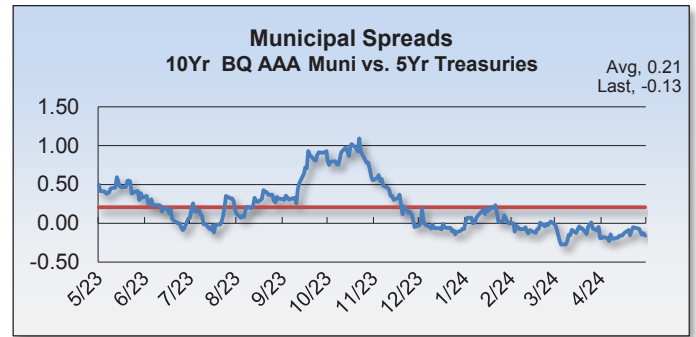
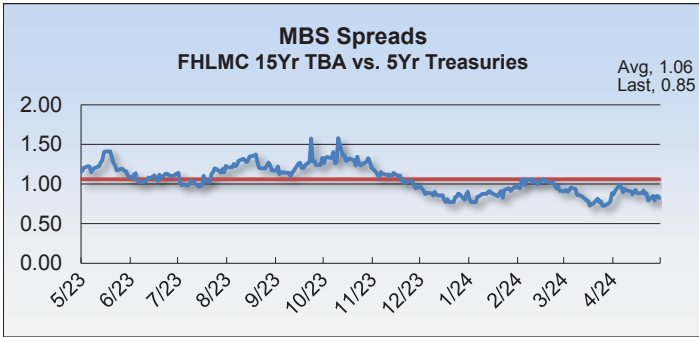
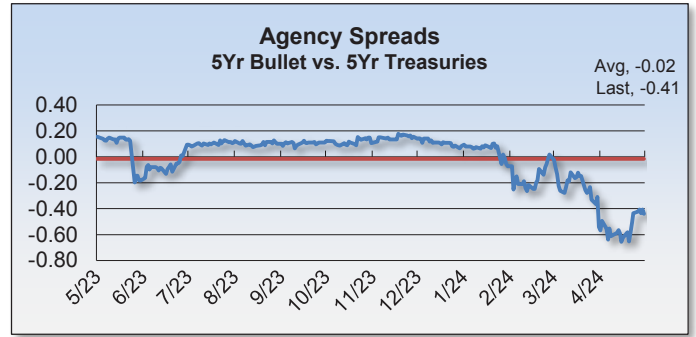
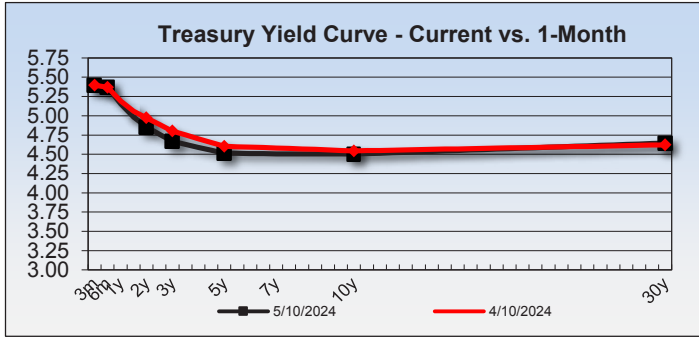
[Scottsdale, AZ](#)
[45th Anniversary](#)
[Celebration Seminar](#)
Nov 7-8, 2024

This week has been fairly quiet on the data front, enough to bring comments from this week's round Fed speakers even more into the spotlight. Last Friday's non-farm payrolls miss as well as wage growth ebbing below 4% seems to have switched much of the narrative around Fed speak back to a central bank that is adequately restrictive vs. one that may be considering further interest rate hikes.

New York Fed chief John Williams said Monday that the Fed will lower its interest rate target at some undefined point. "Eventually we'll have rate cuts" but for now monetary policy is in a "very good place." Boston Fed President Susan Collins continued the cautious tone in her comments on Wednesday and downplayed any need to raise interest rates further. She said the current setting of monetary policy would slow the economy in the way necessary to get inflation back to the Fed's 2% target. On Thursday, San Francisco Fed chief Mary Daly commented that she was still in "wait-and-see mode" and added, "We've had three stubborn months of data, but I still see monetary policy is working... I do think that we're seeing, in a really positive way, disinflation." Even after Minneapolis Fed president and known hawk Neel Kashkari said all policy options were still on the table in getting inflation back in the bottle, markets seemed to dismiss his comments as those of an outlier and non-voting member of the Fed's policymaking committee.

The biggest data release of the week came on Thursday when an unexpected jump in weekly jobless claims surprised markets, suggesting a potential swifter cooling of the labor market and re-igniting Fed easing hopes. Layoffs appear to be increasing in the U.S. as jobless claims surged to 231k for the week ending May 4th (vs. 212k survey). It is too early to tell whether this foretells persistent weakness in the labor market or whether this is merely a catch-up move driven by seasonal factors. However, if the unemployment rate rises to 4.0% (currently 3.9%) over the next two months ahead of the Fed's next meeting, the committee could be compelled to cut by July. Fed funds futures are currently 90% priced in for a quarter-point rate cut by September.

Market attention will undoubtedly focus on economic data next week as we have several important inflation indicators set to be released. The week will kick off with the Producer Price Index (PPI) on Monday, the Consumer Price Index (CPI) and Retail Sales on Tuesday, and housing, industrial, and manufacturing data to round out the week. Markets will also be closely watching Thursday's Initial Jobless Claims reading for any sign of a continuing trend in labor market weakness. Have a great weekend and Happy Mother's Day!



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	(0.00)	5.41	5.41	5.22	2yr	4.88	4.73	4.30	4.57	4.88	2Yr	5.53	5.53	5.53	-
6mo	5.37	(0.01)	5.37	5.49	5.09	3yr	4.74	4.49	4.07	4.34	4.80	3Yr	5.31	5.32	5.30	5.31
1yr	5.16	0.03	5.21	5.38	4.71	5yr	4.59	4.24	3.81	4.05	4.63	5Yr	5.21	5.21	5.20	5.14
2yr	4.86	0.04	4.97	5.06	3.91	7yr	4.63	4.14	3.74	3.98	4.81	7Yr	5.22	5.24	5.23	5.16
3yr	4.67	0.02	4.80	4.84	3.74	10yr	4.67	4.09	3.77	4.01	4.85	10Yr	5.25	5.30	5.30	5.23
5yr	4.51	0.01	4.61	4.69	3.39	15yr	4.72	4.08	4.35	4.63	4.97	June TBA MBS				
7yr	4.51	0.00	4.58	4.71	3.41	20yr	4.76	4.04	4.86	5.17	5.31	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.50	(0.01)	4.54	4.65	3.44	25yr	4.81	3.95	5.07	5.39	5.37	3.00	5.60	5.3y	5.45	
30yr	4.65	(0.02)	4.62	4.76	3.80	30yr		3.85	5.28	5.62	5.42	3.50	5.27	5.2y		
												4.00	5.04	5.3y	5.46 9.8y	
												4.50	5.02	5.1y	5.49 10.0y	
												5.00			5.61 9.9y	
												5.50			5.80 7.9y	

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.50	5.25
Primary Discount	5.50	--	5.50	5.50	5.25
2ndary Discount	6.00	--	6.00	6.00	5.75
Prime Rate	8.50	--	8.50	8.50	8.25
Sec. O.N. Finance	5.31	--	5.31	5.32	--
1 Month LIBOR	5.44	0.00	5.43	5.44	5.10
3 Month LIBOR	5.59	(0.01)	5.56	5.63	5.34
6 Month LIBOR	5.72	(0.03)	5.66	5.83	5.35
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.40	0.02	5.29	5.68	5.27
1 Year CMT	5.12	(0.04)	5.03	5.39	4.81
REPO O/N	5.37	--	5.37	5.37	5.13
REPO 1Wk	5.36	(0.02)	5.39	5.36	5.11
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	5.47	5.46	5.52
1yr	5.20	5.19	5.38
2yr	4.92	4.95	5.01
3yr	4.74	4.78	4.83
4yr	4.67	4.73	4.76
5yr	4.61	4.68	4.70
7yr	4.74	4.82	4.84
10yr	4.84	4.95	4.94
5yr Am	4.15		4.87
10yr Am	4.21		4.91

Fed Fund Futures	
Maturity	Rate
May-24	5.328
Jun-24	5.310
Jul-24	5.300
Aug-24	5.240
Sep-24	5.185
Oct-24	5.115
Nov-24	5.045
Dec-24	4.970
Jan-25	4.885
Feb-25	4.785
Mar-25	4.735

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
5/7	Consumer Credit	Mar	\$15.000b	\$6.274b	\$14.125b	\$15.019b
5/8	MBA Mortgage Applications	5/3	--	2.6%	-2.3%	--
5/8	Wholesale Inventories MoM	Mar F	-0.4%	-0.4%	-0.4%	--
5/8	Wholesale Trade Sales MoM	Mar	0.8%	-1.3%	2.3%	2.0%
5/9	Initial Jobless Claims	5/4	212k	231k	208k	209k
5/9	Continuing Claims	4/27	1782k	1785k	1774k	1768k
5/10	U. of Mich. Sentiment	May P	76.2	67.4	77.2	--
5/10	U. of Mich. Current Conditions	May P	79.0	68.8	79.0	--
5/10	U. of Mich. Expectations	May P	75.0	66.5	76.0	--
5/10	U. of Mich. 1 Yr Inflation	May P	3.2%	3.5%	3.2%	--
5/10	U. of Mich. 5-10 Yr Inflation	May P	3.0%	3.1%	3.0%	--
5/13	NY Fed 1-Yr Inflation Expectations	Apr	--	--	3.0%	--
5/14	NFIB Small Business Optimism	Apr	88.1	--	88.5	--
5/14	PPI Final Demand MoM	Apr	0.3%	--	0.2%	--
5/14	PPI Ex Food and Energy MoM	Apr	0.2%	--	0.2%	--
5/14	PPI Ex Food, Energy, Trade MoM	Apr	--	--	0.2%	--
5/14	PPI Final Demand YoY	Apr	2.2%	--	2.1%	--
5/14	PPI Ex Food and Energy YoY	Apr	2.3%	--	2.4%	--
5/14	PPI Ex Food, Energy, Trade YoY	Apr	--	--	2.8%	--
5/15	Empire Manufacturing	May	-10.3	--	-14.3	--
5/15	CPI MoM	Apr	0.4%	--	0.4%	--
5/15	CPI Ex Food and Energy MoM	Apr	0.3%	--	0.4%	--
5/15	CPI YoY	Apr	3.4%	--	3.5%	--
5/15	CPI Ex Food and Energy YoY	Apr	3.6%	--	3.8%	--
5/15	CPI Index NSA	Apr	313.72	--	312.33	--
5/15	CPI Core Index SA	Apr	317.73	--	316.70	--
5/15	Real Avg Hourly Earnings YoY	Apr	--	--	0.6%	--
5/15	Real Avg Weekly Earnings YoY	Apr	--	--	0.6%	--
5/15	Retail Sales Advance MoM	Apr	0.4%	--	0.7%	--
5/15	Retail Sales Ex Auto MoM	Apr	0.2%	--	1.1%	--
5/15	Retail Sales Ex Auto and Gas	Apr	0.1%	--	1.0%	--
5/15	Retail Sales Control Group	Apr	0.2%	--	1.1%	--
5/15	Business Inventories	Mar	0.0%	--	0.4%	--
5/15	NAHB Housing Market Index	May	51	--	51	--
5/15	Total Net TIC Flows	Mar	--	--	\$51.6b	--
5/15	Net Long-term TIC Flows	Mar	--	--	\$71.5b	--
5/16	Housing Starts	Apr	1435k	--	1321k	--
5/16	Housing Starts MoM	Apr	8.6%	--	-14.7%	--
5/16	Building Permits MoM	Apr	1.6%	--	-4.3%	-3.7%
5/16	Building Permits	Apr	1490k	--	1458k	1467k
5/16	New York Fed Services Business Activit	May	--	--	-0.6	--
5/16	Philadelphia Fed Business Outlook	May	7.8	--	15.5	--
5/16	Import Price Index MoM	Apr	0.2%	--	0.4%	--
5/16	Import Price Index ex Petroleum MoM	Apr	--	--	0.0%	--
5/16	Import Price Index YoY	Apr	0.5%	--	0.4%	--
5/16	Export Price Index MoM	Apr	--	--	0.3%	--
5/16	Export Price Index YoY	Apr	--	--	-1.4%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.0	14.4	13.2	12.8	19.5	23.1
FH/FN 15y	7.4	8.4	12.7	18.4	26.4	30.6
GN 15y	15.7	18.3	23.2	30.7	40.9	55.6
FH/FN 20y	6.0	6.8	7.8	9.7	11.4	16.5
FH/FN 30y	4.6	5.6	5.9	6.2	4.6	6.1
GN 30y	5.0	4.0	4.5	5.8	6.5	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	15.2	16.8
FH/FN 15y	6.9	7.7	10.1	14.6	13.2	17.9
GN 15y	8.9	10.8	10.8	11.6	12.9	16.0
FH/FN 20y	6.5	6.3	7.4	8.5	10.2	11.9
FH/FN 30y	5.6	5.9	6.3	7.1	8.0	9.9
GN 30y	5.9	6.5	8.2	8.4	8.7	10.4

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	155.70	2.65	151.83	151.52	135.20
Euro	1.08	0.00	1.09	1.07	1.10
Dollar Index	105.15	0.12	105.25	105.86	101.48
Major Stock Indices					
Dow Jones	39,507	832	38,462	34,283	33,531
S&P 500	5,237.6	109.8	5,160.6	4,415.2	4,137.6
NASDAQ	16,395.6	239	16,170.4	13,798.1	12,306.4
Commodities					
Gold	2,374.7	66.1	2,329.6	1,937.7	2,037.1
Crude Oil	79.73	1.62	86.21	77.17	72.56
Natural Gas	2.28	0.14	1.89	3.03	2.19
Wheat	619.8	33.3	557.8	580.8	630.5
Corn	445.3	-1.8	434.3	464.0	645.5

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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