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### UPCOMING EVENTS

#### Banks

##### Webinars:

[Q3 Bank Investment Strategies](#)  
Jul 10, 2024

##### Seminars:

[IL Seminar](#)  
Aug 5, 2024

##### Schools:

[Baker ALM School](#)  
Aug 20-21, 2024

#### CUs

##### Webinars:

[Q3 CU Strategies](#)  
Jul 11, 2024

##### Schools:

[Baker CU Virtual ALM School](#)  
Jul 24-25, 2024

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#### Banks and CUs

##### Seminar:

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

Treasury yields fell this morning as an inflation print that hit all its marks bolstered rate cut bets. The news was a welcome antidote to calm markets unnerved by inflation measures in Australia and Canada unexpectedly accelerating this week. Personal Consumption Expenditures (PCE), the Federal Reserve's favored measure of US inflation, decelerated in May coming in at 0.0% MoM, down from 0.3% in April. That was in line with expectations as was the YoY change, coming in at 2.6%, down from 2.7% in April. The core measure, which strips out volatile food and energy items, also printed in line with expectations at 0.1% MoM and 2.6% YoY, down from 0.2% and 2.8% in April.

The 0.1% MoM increase in Core PCE, which the Fed believes is the best indicator of underlying inflation trends, marks the smallest advance in six months. But on an unrounded basis, Core PCE was actually up only 0.08%, which marks the smallest advance in nearly four years (November 2020). The report was undoubtedly good news for the Fed, showing consumer inflation continuing to move towards its 2% target and building on a series of recent reports that have shown the economy continuing to slow and inflation continuing to trend lower.

Elsewhere in the Bureau of Economic Analysis (BEA)'s Personal Income and Outlays report, we saw Personal Income rise 0.5% (vs. 0.4% estimate) and Personal Spending rise 0.2% (vs. 0.3% estimate). The softer personal spending number suggests that despite stronger than expected income growth, consumers are beginning to reign in spending as the economy cools, unemployment edges higher, high borrowing costs take a toll, and excess savings run dry.

The strength of American consumers, and their willingness to spend despite higher prices and borrowing costs, has been key to the continued strength of the US economy in recent years. A strong labor market has contributed to that strength but so has the ~\$2 trillion in excess savings Americans amassed during the pandemic. Those savings are now fully depleted, according to the Federal Reserve Bank of San Francisco, which means the ability of consumers to spend now falls primarily on their income. This, at a time when the pace of hiring has slowed, and the unemployment rate has begun to tick higher. The BEA report has fed funds futures now pricing in a 70% chance of a rate cut in September and nearly 2 full cuts by December.

Earlier in the week we saw both Pending Home Sales and New Home Sales for the month of May decline more than expected. Pending sales fell to the lowest level on record as elevated mortgage rates, low inventory, and high prices discouraged would-be buyers. New sales fell to their slowest pace since November. Affordability remains a problem across the housing market but rising inventory of new homes is helping affordability at the margin. The median sale price of a new home decreased 0.9% from a year ago and the supply of available new homes hit the highest level since 2008.

(Continued)



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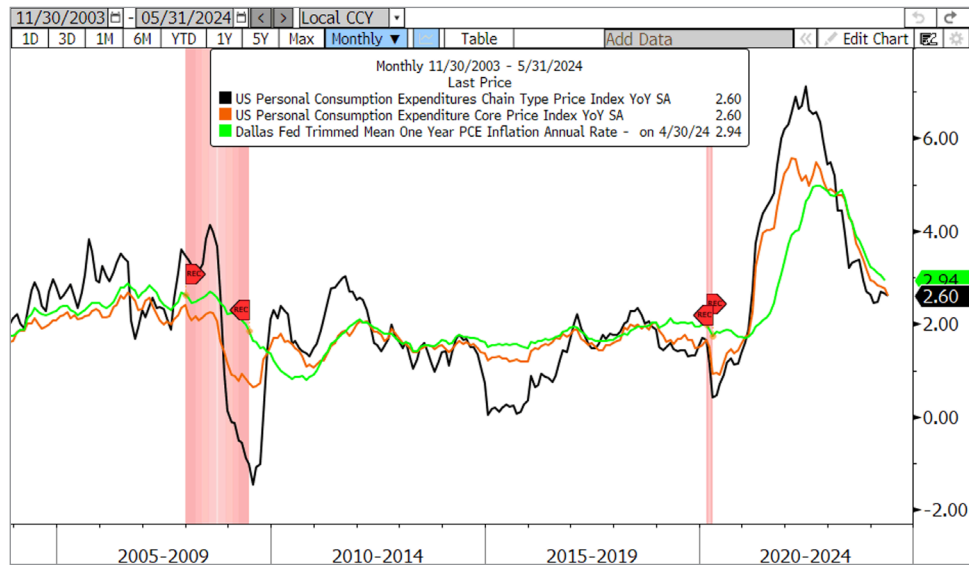
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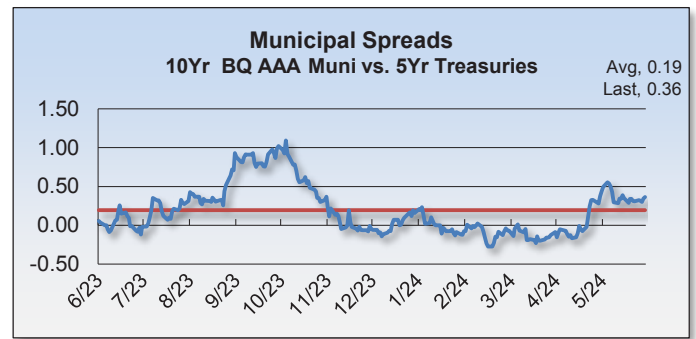
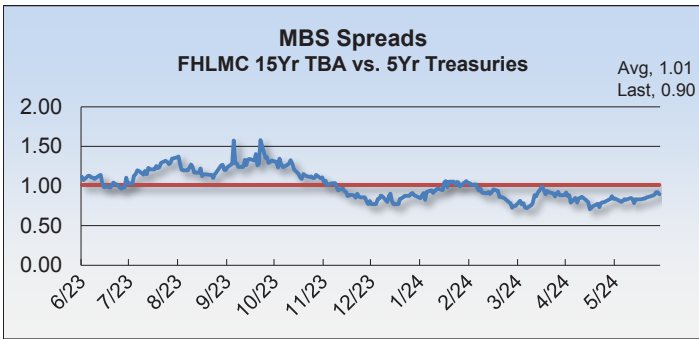
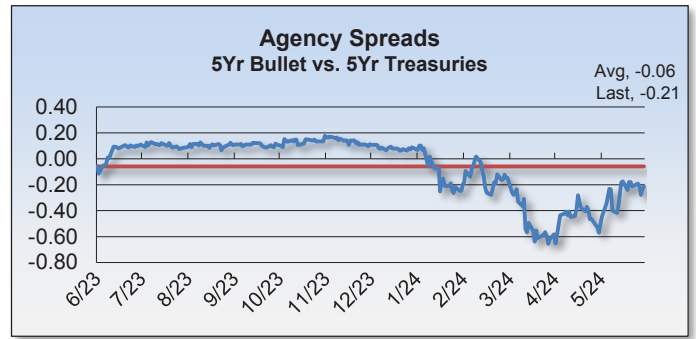
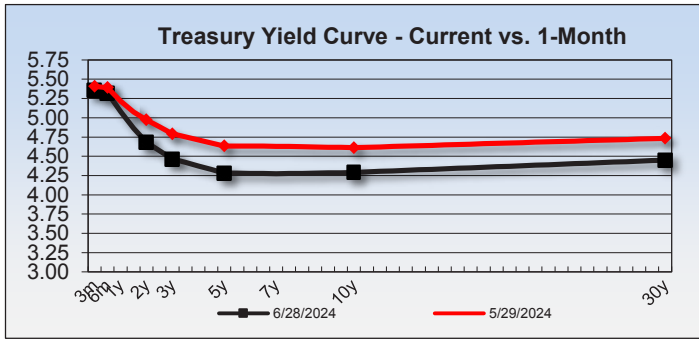
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Despite the fourth of July holiday next week, we will have lots of important data to digest. The first week of the new month will bring several readings on the state of the labor market culminating with the Employment Situation Summary on Friday that will give us the unemployment rate and nonfarm payrolls numbers for the month of June. Have a great weekend and Happy Fourth of July!



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	5.36	(0.01)	5.41	5.38	5.34	2yr	4.75	4.59	4.35	4.63	4.89	2Yr					
6mo	5.32	(0.03)	5.38	5.27	5.45	3yr	4.39	4.31	4.16	4.43	4.79	3Yr					
1yr	5.08	(0.02)	5.22	4.80	5.33	5yr	4.35	4.04	4.05	4.31	4.58	5Yr					
2yr	4.68	(0.05)	4.98	4.28	4.71	7yr	4.43	3.95	4.00	4.26	4.62	7Yr					
3yr	4.46	(0.00)	4.76	4.03	4.46	10yr	4.49	3.90	3.98	4.23	4.72	10Yr					
5yr	4.28	0.01	4.59	3.84	3.97	15yr	4.56	3.90	4.31	4.59	4.84		July TBA MBS				
7yr	4.27	0.02	4.57	3.87	3.84	20yr	4.62	3.86	4.82	5.13	5.16	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.29	0.03	4.55	3.85	3.71	25yr	4.69	3.77	5.01	5.33	5.22	3.00	5.32	5.2y	5.18		
30yr	4.45	0.05	4.67	4.00	3.81	30yr		3.67	5.21	5.54	5.27	3.50	5.01	5.2y			
												4.00	4.90	5.2y	5.25	9.6y	
												4.50	4.93	5.0y	5.32	9.7y	
												5.00			5.47	9.2y	
												5.50			5.67	7.6y	

\* 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	5.34	0.02	5.32	5.39	--
1 Month LIBOR	5.46	0.00	5.44	5.47	5.18
3 Month LIBOR	5.60	(0.01)	5.60	5.61	5.52
6 Month LIBOR	5.69	(0.02)	5.74	5.62	5.67
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.42	0.06	5.42	5.29	5.58
1 Year CMT	5.10	--	5.21	4.79	5.33
REPO O/N	5.34	(0.05)	5.37	5.35	5.13
REPO 1Wk	5.34	(0.07)	5.41	5.34	5.11
CoF Federal	3.956	--	3.927	3.848	3.460
11th D. CoF (May)	3.227	--	3.198	3.119	2.731

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.49	5.53	5.54
6mo	5.44	5.43	5.50
1yr	5.14	5.13	5.34
2yr	4.78	4.82	4.96
3yr	4.57	4.62	4.73
4yr	4.48	4.54	4.63
5yr	4.38	4.45	4.53
7yr	4.53	4.60	4.67
10yr	4.65	4.75	4.78
5yr Am	4.15		4.74
10yr Am	4.21		4.76

Fed Fund Futures		
Maturity	Rate	
Jun-24	5.333	
Jul-24	5.325	
Aug-24	5.300	
Sep-24	5.240	
Oct-24	5.140	
Nov-24	5.070	
Dec-24	4.960	
Jan-25	4.840	
Feb-25	4.705	
Mar-25	4.635	
Apr-25	4.535	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/25	FHFA House Price Index MoM	Apr	0.3%	0.2%	0.1%	0.0%
6/25	S&P CoreLogic CS US HPI YoY NSA	Apr	--	6.29%	6.49%	6.52%
6/25	S&P CoreLogic CS 20-City YoY NSA	Apr	7.00%	7.20%	7.38%	7.46%
6/25	Conf. Board Consumer Confidence	Jun	100.0	100.4	102.0	101.3
6/25	Conf. Board Present Situation	Jun	--	141.5	143.1	140.8
6/25	Conf. Board Expectations	Jun	--	73.0	74.6	74.9
6/27	GDP Annualized QoQ	1Q T	1.4%	1.4%	1.3%	--
6/27	Personal Consumption	1Q T	2.0%	1.5%	2.0%	--
6/27	GDP Price Index	1Q T	3.0%	3.1%	3.0%	--
6/27	Core PCE Price Index QoQ	1Q T	3.6%	3.7%	3.6%	--
6/27	Initial Jobless Claims	6/22	235k	233k	238k	239k
6/27	Continuing Claims	6/15	1828k	1839k	1828k	1821k
6/27	Durables Ex Transportation	May P	0.2%	-0.1%	0.4%	--
6/27	Pending Home Sales NSA YoY	May	-4.6%	-6.6%	-0.8%	--
6/28	Personal Income	May	0.4%	0.5%	0.3%	--
6/28	Personal Spending	May	0.3%	0.2%	0.2%	0.1%
6/28	Real Personal Spending	May	0.3%	0.3%	-0.1%	--
6/28	PCE Price Index YoY	May	2.6%	2.6%	2.7%	--
6/28	Core PCE Price Index YoY	May	2.6%	2.6%	2.8%	--
6/28	MNI Chicago PMI	Jun	40.0	47.4	35.4	--
6/28	U. of Mich. Sentiment	Jun F	66.0	68.2	65.6	--
6/28	U. of Mich. Current Conditions	Jun F	64.0	65.9	62.5	--
6/28	U. of Mich. 1 Yr Inflation	Jun F	3.2%	3.0%	3.3%	--
7/1	S&P Global US Manufacturing PMI	Jun F	51.7	--	51.7	--
7/1	ISM Manufacturing	Jun	49.2	--	48.7	--
7/1	ISM Prices Paid	Jun	55.8	--	57.0	--
7/1	ISM New Orders	Jun	49.0	--	45.4	--
7/1	ISM Employment	Jun	50.0	--	51.1	--
7/2	JOLTS Job Openings	May	7864k	--	8059k	--
7/3	Challenger Job Cuts YoY	Jun	--	--	-20.3%	--
7/3	ADP Employment Change	Jun	158k	--	152k	--
7/3	S&P Global US Services PMI	Jun F	52.3	--	55.1	--
7/3	S&P Global US Composite PMI	Jun F	--	--	54.6	--
7/3	ISM Services Index	Jun	52.5	--	53.8	--
7/3	ISM Services Prices Paid	Jun	--	--	58.1	--
7/3	ISM Services Employment	Jun	--	--	47.1	--
7/3	ISM Services New Orders	Jun	--	--	54.1	--
7/5	Two-Month Payroll Net Revision	Jun	--	--	-15k	--
7/5	Change in Nonfarm Payrolls	Jun	188k	--	272k	--
7/5	Change in Private Payrolls	Jun	157k	--	229k	--
7/5	Change in Manufact. Payrolls	Jun	10k	--	8k	--
7/5	Unemployment Rate	Jun	4.0%	--	4.0%	--
7/5	Average Hourly Earnings MoM	Jun	0.3%	--	0.4%	--
7/5	Average Hourly Earnings YoY	Jun	3.9%	--	4.1%	--
7/5	Average Weekly Hours All Employees	Jun	34.3	--	34.3	--
7/5	Labor Force Participation Rate	Jun	--	--	62.5%	--
7/5	Underemployment Rate	Jun	--	--	7.4%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.8	15.1	13.5	17.2	21.5	24.0
FH/FN 15y	8.2	9.1	12.6	19.0	25.1	32.9
GN 15y	17.1	19.6	23.9	30.5	72.8	49.6
FH/FN 20y	6.5	7.3	8.5	9.9	12.6	16.8
FH/FN 30y	5.8	6.2	6.5	6.5	5.7	7.0
GN 30y	5.9	5.7	6.0	6.3	7.3	7.2

CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.1	11.3	12.2	13.7	16.6	17.6
FH/FN 15y	7.0	7.8	10.7	13.8	13.8	18.3
GN 15y	8.9	10.9	10.9	11.8	12.7	16.0
FH/FN 20y	6.0	6.7	7.7	8.8	10.7	12.7
FH/FN 30y	5.7	6.1	6.8	7.4	8.5	10.2
GN 30y	6.3	6.6	8.5	7.5	8.9	9.7

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	160.54	0.74	156.87	140.69	144.08
Euro	1.07	0.00	1.09	1.11	1.10
Dollar Index	105.93	0.14	104.61	101.23	102.91
<b>Major Stock Indices</b>					
Dow Jones	39,426	276	38,853	37,710	33,853
S&P 500	5,502.5	37.9	5,306.0	4,783.4	4,376.9
NASDAQ	18,015.9	327	17,019.9	15,095.1	13,591.8
<b>Commodities</b>					
Gold	2,340.8	24.4	2,356.5	2,083.5	1,912.3
Crude Oil	81.32	0.59	79.83	71.77	69.56
Natural Gas	2.65	(0.06)	2.59	2.56	2.60
Wheat	559.5	-2.0	700.3	631.5	655.8
Corn	411.5	-23.5	462.5	474.3	590.0

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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