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### UPCOMING EVENTS

#### Banks

##### Webinars:

Q2 Bank Trends  
Aug 14, 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

Thursday's reading of the Consumer Price Index (CPI) showed disinflation is back in the rotation for the first time since the onset of the pandemic. Headline prices actually fell during the month of June amid cheaper gasoline prices and moderating rents, marking the first deflationary print since 2020. Economists had forecast the headline CPI reading to tick up 0.1%. Instead, it fell 0.1%. The annual reading also dipped below 3% for the first time in twelve months, coming in at 2.971% vs. 3.1% survey.

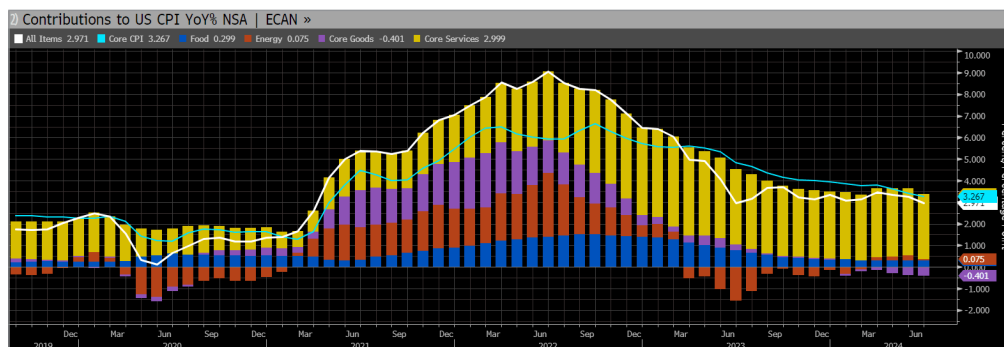
A big drop in weekly jobless claims also hit newswires at the same time yesterday, laying the backdrop for plenty of market volatility. However, the decline in the number of workers seeking weekly jobless benefits can probably be attributed to typical summertime volatility. Nevertheless, the Nasdaq fell almost 2% and the S&P 500 lost almost 1% yesterday while Treasuries rallied and yields fell ~7-11bps across the long end of the curve.

The second straight month of benign consumer price readings was unquestionably good news for the Fed and policymakers were quick to laud the numbers. St Louis Fed President, Alberto Musalem, called June's CPI report "encouraging", San Francisco Fed President, Mary Daly, said the readings were a "relief, and Chicago Fed President, Austan Goolsbee, called it "profoundly encouraging".

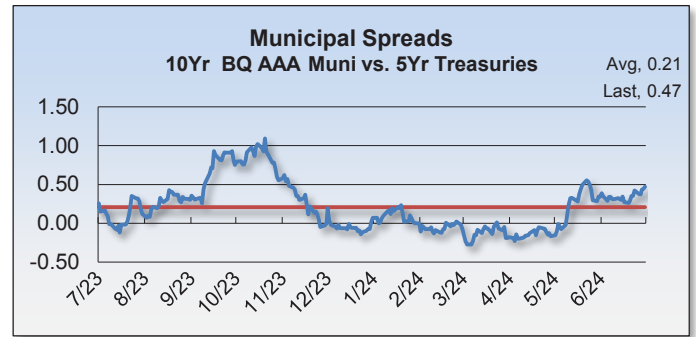
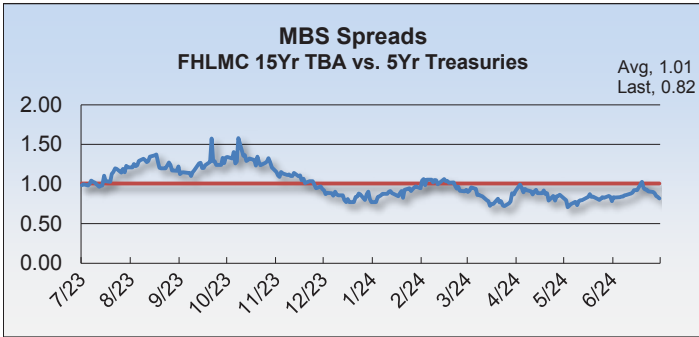
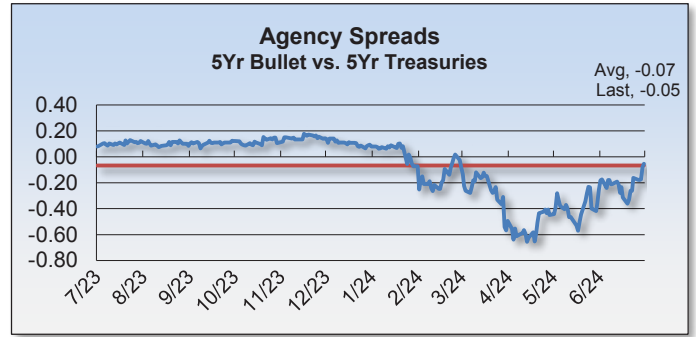
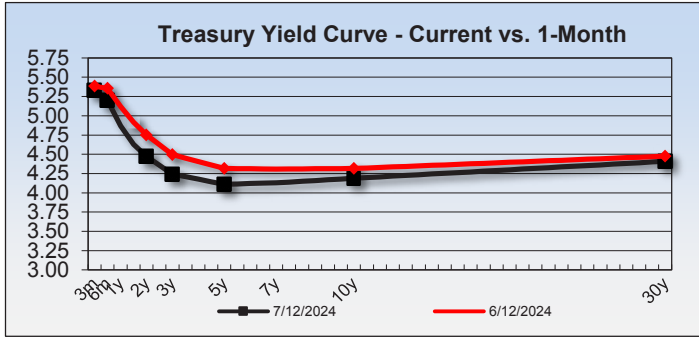
Futures markets agreed and increased their rate cut bets for the remainder of the year. Traders now have a 25bp rate cut fully priced in by the September meeting and futures markets are showing ~2.5 rate cuts expected in 2024. There is also now discussion circulating of a potential 50bp cut at one of the meetings before the end of the year. Futures markets buying already indicates some traders are betting on a supersized move at the September meeting.

This morning's readings of producer prices, however, showed the Producer Price Index (PPI) moved higher in June, slightly more than expected. PPI increased 0.2% vs. 0.1% forecast. Compared to a year ago, producer prices were up 2.6%. Nearly all of the monthly increase can be pinned on a jump in margins at wholesalers and retailers. However, separate reports from retailers including Target and Walmart show the merchant giants cutting prices on a range of goods as consumers push back against higher prices.

Next week will give us several readings on the state of the housing market, which continues to struggle amid high interest rates. Numbers are also due on retail sales and US manufacturing and production. Have 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	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	5.34	(0.04)	5.39	5.37	5.39	2yr	4.52	4.34	4.09	4.35	4.68	2Yr					
6mo	5.20	(0.09)	5.36	5.19	5.47	3yr	4.34	4.08	3.98	4.23	4.59	3Yr					
1yr	4.87	(0.13)	5.12	4.67	5.34	5yr	4.23	3.86	3.93	4.19	4.40	5Yr					
2yr	4.47	(0.13)	4.75	4.15	4.75	7yr	4.28	3.79	3.92	4.17	4.47	7Yr					
3yr	4.24	(0.15)	4.50	3.93	4.52	10yr	4.37	3.78	3.92	4.17	4.62	10Yr					
5yr	4.11	(0.12)	4.32	3.83	4.07	15yr	4.47	3.81	4.26	4.53	4.74		August TBA MBS				
7yr	4.13	(0.10)	4.31	3.89	3.98	20yr	4.56	3.80	4.76	5.07	5.13	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.19	(0.09)	4.32	3.94	3.86	25yr	4.66	3.72	4.96	5.27	5.19	3.00	5.17	5.2y	5.09		
30yr	4.41	(0.07)	4.48	4.18	3.95	30yr		3.63	5.15	5.48	5.24	3.50	4.85	5.1y			
												4.00	4.78	5.1y	5.16	9.4y	
												4.50	4.80	4.9y	5.23	9.5y	
												5.00			5.37	9.0y	
												5.50			5.56	7.2y	

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.50	5.25
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	0.01	5.32	5.31	--
1 Month LIBOR	5.44	(0.00)	5.44	5.45	5.31
3 Month LIBOR	5.57	(0.01)	5.60	5.59	5.56
6 Month LIBOR	5.64	(0.02)	5.73	5.61	5.83
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.31	(0.03)	5.38	5.26	5.77
1 Year CMT	4.91	(0.13)	5.17	4.75	5.44
REPO O/N	5.40	--	5.39	5.35	5.13
REPO 1Wk	5.36	0.01	5.35	5.38	5.14
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	5.48	5.51	5.53
6mo	5.33	5.32	5.38
1yr	4.97	4.97	5.14
2yr	4.57	4.64	4.70
3yr	4.37	4.44	4.47
4yr	4.31	4.38	4.40
5yr	4.26	4.31	4.34
7yr	4.45	4.52	4.53
10yr	4.60	4.70	4.68
5yr Am	4.15		4.52
10yr Am	4.21		4.60

Fed Fund Futures		
Maturity	Rate	
Jul-24	5.328	
Aug-24	5.315	
Sep-24	5.215	
Oct-24	5.075	
Nov-24	4.955	
Dec-24	4.830	
Jan-25	4.700	
Feb-25	4.535	
Mar-25	4.455	
Apr-25	4.330	
May-25	4.195	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
7/8	NY Fed 1-Yr Inflation Expectations	Jun	3.01%	3.02%	3.17%	--
7/8	Consumer Credit	May	\$8.850b	\$11.354b	\$6.403b	\$6.485b
7/9	NFIB Small Business Optimism	Jun	90.2	91.5	90.5	--
7/10	MBA Mortgage Applications	7/5	--	-0.2%	-2.6%	--
7/10	Wholesale Inventories MoM	May F	0.6%	0.6%	0.6%	--
7/10	Wholesale Trade Sales MoM	May	0.3%	0.4%	0.4%	0.2%
7/11	CPI MoM	Jun	0.1%	-0.1%	0.0%	--
7/11	CPI Ex Food and Energy MoM	Jun	0.2%	0.1%	0.2%	--
7/11	CPI YoY	Jun	3.1%	3.0%	3.3%	--
7/11	CPI Ex Food and Energy YoY	Jun	3.4%	3.3%	3.4%	--
7/11	CPI Index NSA	Jun	314.61	314.18	314.07	--
7/11	CPI Core Index SA	Jun	318.78	318.35	318.14	--
7/11	Real Avg Hourly Earning YoY	Jun	--	0.8%	0.8%	0.7%
7/11	Real Avg Weekly Earnings YoY	Jun	--	0.6%	0.5%	--
7/11	Initial Jobless Claims	7/6	235k	222k	238k	239k
7/11	Continuing Claims	6/29	1860k	1852k	1858k	1856k
7/11	Monthly Budget Statement	Jun	-\$76.1b	-\$66.0b	-\$347.1b	--
7/12	PPI Final Demand MoM	Jun	0.1%	0.2%	-0.2%	0.0%
7/12	PPI Ex Food and Energy MoM	Jun	0.2%	0.4%	0.0%	0.3%
7/12	PPI Ex Food, Energy, Trade MoM	Jun	0.2%	0.0%	0.0%	0.2%
7/12	PPI Final Demand YoY	Jun	2.3%	2.6%	2.2%	2.4%
7/12	PPI Ex Food and Energy YoY	Jun	2.5%	3.0%	2.3%	2.6%
7/12	PPI Ex Food, Energy, Trade YoY	Jun	--	3.1%	3.2%	3.3%
7/12	U. of Mich. Sentiment	Jul P	68.5	66.0	68.2	--
7/12	U. of Mich. Current Conditions	Jul P	66.0	64.1	65.9	--
7/12	U. of Mich. Expectations	Jul P	69.3	67.2	69.6	--
7/12	U. of Mich. 1 Yr Inflation	Jul P	2.9%	2.9%	3.0%	--
7/12	U. of Mich. 5-10 Yr Inflation	Jul P	3.0%	2.9%	3.0%	--
7/15	Empire Manufacturing	Jul	-8	--	-6	--
7/16	Retail Sales Advance MoM	Jun	-0.2%	--	0.1%	--
7/16	Retail Sales Ex Auto MoM	Jun	0.1%	--	-0.1%	--
7/16	Retail Sales Ex Auto and Gas	Jun	0.3%	--	0.1%	--
7/16	Retail Sales Control Group	Jun	0.2%	--	0.4%	--
7/16	Import Price Index MoM	Jun	--	--	-0.4%	--
7/16	Import Price Index ex Petroleum MoM	Jun	--	--	-0.3%	--
7/16	Import Price Index YoY	Jun	--	--	1.1%	--
7/16	Export Price Index MoM	Jun	--	--	-0.6%	--
7/16	Export Price Index YoY	Jun	--	--	0.6%	--
7/16	Business Inventories	May	0.3%	--	0.3%	--
7/16	NAHB Housing Market Index	Jul	43	--	43	--
7/17	Building Permits	Jun	1395k	--	1386k	1399k
7/17	Housing Starts	Jun	1300k	--	1277k	--
7/17	Housing Starts MoM	Jun	1.8%	--	-5.5%	--
7/17	Building Permits MoM	Jun	-0.3%	--	-3.8%	-2.8%
7/17	Industrial Production MoM	Jun	0.3%	--	0.9%	0.7%
7/17	Manufacturing (SIC) Production	Jun	--	--	0.9%	--
7/18	Leading Index	Jun	-0.3%	--	-0.5%	--

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	14.2	13.0	15.6	19.8	21.9
FH/FN 15y	8.2	9.1	11.9	18.3	22.7	38.1
GN 15y	16.1	19.1	23.6	30.5	74.5	32.3
FH/FN 20y	6.6	7.6	8.3	9.2	11.4	15.9
FH/FN 30y	6.8	6.5	6.8	6.4	6.7	7.3
GN 30y	6.4	4.9	7.5	6.6	7.0	7.1

CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.3	11.6	12.6	14.1	17.0	18.6
FH/FN 15y	7.1	8.1	11.1	13.9	13.9	19.1
GN 15y	9.0	11.0	10.9	11.8	12.7	16.0
FH/FN 20y	6.1	7.0	7.9	9.1	11.0	13.5
FH/FN 30y	5.8	6.2	7.0	7.6	8.8	10.7
GN 30y	6.5	6.6	8.6	7.7	9.0	9.8

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	158.21	(2.54)	157.33	144.88	139.55
Euro	1.09	0.01	1.08	1.10	1.10
Dollar Index	104.26	(0.62)	104.65	102.40	100.52
<b>Major Stock Indices</b>					
Dow Jones	39,831	455	38,712	37,593	34,347
S&P 500	5,601.5	34.3	5,421.0	4,783.8	4,472.2
NASDAQ	18,405.1	52	17,608.4	14,972.8	13,919.0
<b>Commodities</b>					
Gold	2,407.1	9.4	2,336.0	2,051.6	1,961.7
Crude Oil	82.89	(0.27)	78.50	72.68	75.75
Natural Gas	2.30	(0.01)	3.05	3.31	2.63
Wheat	554.3	-0.3	626.5	603.8	649.5
Corn	406.8	3.3	449.5	457.8	571.8

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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