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Federal Open Market Committee (Full Announcement Text)

Information received since the Federal Open Market Committee met in March indicates that the labor market has continued to strengthen and that economic activity has been rising at a moderate rate. Job gains have been strong, on average, in recent months, and the unemployment rate has stayed low. Recent data suggest that growth of household spending moderated from its strong fourth-quarter pace, while business fixed investment continued to grow strongly. On a 12-month basis, both overall inflation and inflation for items other than food and energy have moved close to 2 percent. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed, on balance.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with further gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace in the medium term and labor market conditions will remain strong. Inflation on a 12-month basis is expected to run near the Committee's symmetric 2 percent objective over the medium term. Risks to the economic outlook appear roughly balanced.

In view of realized and expected labor market conditions and inflation, the Committee decided to maintain the target range for the federal funds rate at 1-1/2 to 1-3/4 percent. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to 2 percent inflation.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The Committee will carefully monitor actual and expected inflation developments relative to its symmetric inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant further gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

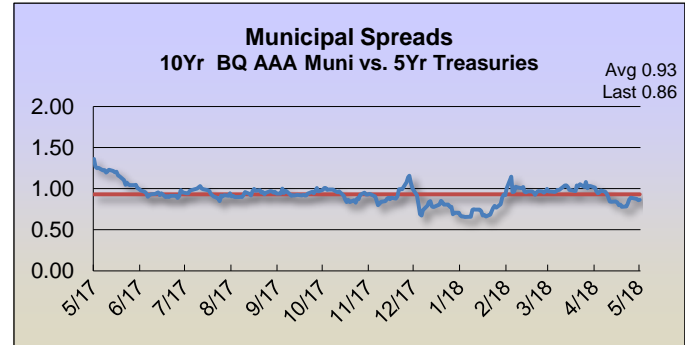
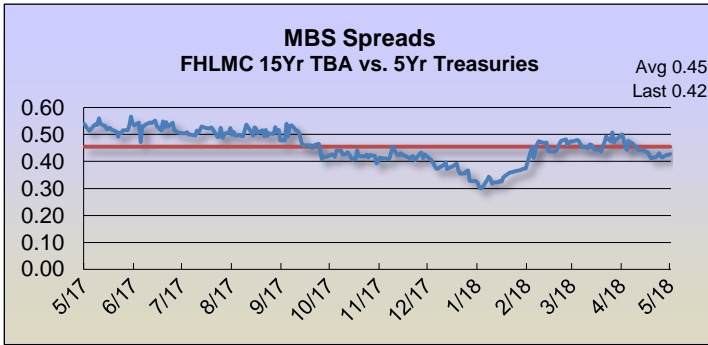
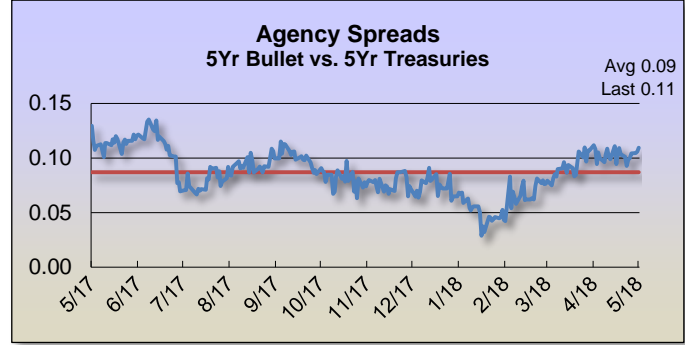
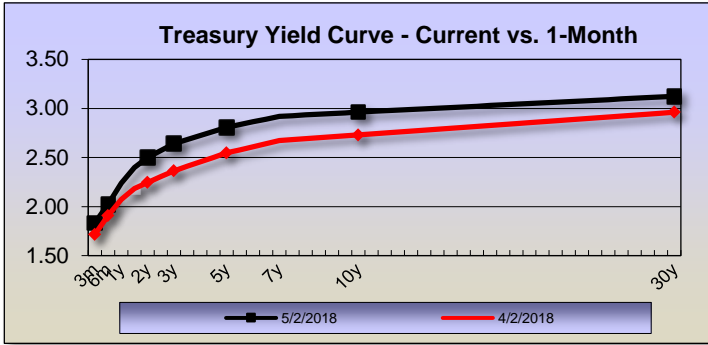
Voting for the FOMC monetary policy action were Jerome H. Powell, Chairman; William C. Dudley, Vice Chairman; Thomas I. Barkin; Raphael W. Bostic; Lael Brainard; Loretta J. Mester; Randal K. Quarles; and John C. Williams.

**For a Side-by-Side
FOMC Statement
Comparison, Please
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(source: Bloomberg News)**

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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 ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr
3mo	1.83	(0.01)	1.72	1.16	0.85	2yr	2.56	2.77	2.63	2.80	25.00	2Yr	1.94	1.94	1.94	-
6mo	2.02	(0.00)	1.91	1.29	0.99	3yr	2.68	2.87	2.79	2.97	32.33	3Yr	2.10	2.11	2.11	2.10
1yr	2.24	(0.01)	2.08	1.44	1.07	5yr	2.90	2.93	3.07	3.26	47.00	5Yr	2.19	2.22	2.24	2.24
2yr	2.50	0.01	2.25	1.61	1.26	7yr	3.06	2.96	3.28	3.49	52.00	7Yr	2.42	2.47	2.52	2.53
3yr	2.64	0.01	2.37	1.72	1.44	10yr	3.25	3.00	3.50	3.73	71.00	10Yr	2.57	2.62	2.69	2.72
5yr	2.81	(0.03)	2.55	2.00	1.80	15yr	3.37	3.04	3.88	4.13	87.00	June TBA MBS				
7yr	2.92	(0.05)	2.67	2.20	2.09	20yr	3.48	3.05	4.14	4.41	70.00	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	2.96	(0.06)	2.73	2.35	2.28	25yr	3.60	3.04	4.24	4.51	75.00	2.00	3.14	5.1y		
30yr	3.12	(0.08)	2.96	2.83	2.97	30yr		3.02	4.33	4.60	80.00	2.50	3.10	5.3y		
												3.00	3.17	5.1y	3.48	9.9y
												3.50	3.04	3.0y	3.62	9.2y
												4.00			3.70	7.5y
												4.50			3.72	6.4y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	1.75	--	1.75	1.25	1.00
Primary Discount	2.25	--	2.25	1.75	1.50
2ndary Discount	2.75	--	2.75	2.25	2.00
Prime Rate	4.75	--	4.75	4.25	4.00
Sec. O.N. Finance	1.76				
1 Month LIBOR	1.91	0.01	1.88	1.24	1.00
3 Month LIBOR	2.36	--	2.31	1.38	1.17
6 Month LIBOR	2.51	--	2.45	1.57	1.43
1 Year LIBOR	2.77	--	2.66	1.84	1.77
6 Month CD	2.50	--	2.42	1.56	1.55
1 Year CMT	2.26	--	2.09	1.46	1.09
REPO O/N	1.81	0.03	2.02	1.20	0.82
REPO 1Wk	1.79	--	1.81	1.20	0.73
CoF National Med	1.75	--	1.66	1.45	1.23
11th District CoF	0.81	--	0.82	0.73	0.58

FHLB Fixed Advance Rates					Fed Fund Futures	
Maturity	Chicago	Boston	Dallas	Topeka	Maturity	Rate
3mo	2.04	2.17	2.02	2.15	May-18	1.705
6mo	2.19	2.30	2.19	2.32	Jun-18	1.835
1yr	2.53	2.51	2.49	2.60	Jul-18	1.940
2yr	2.73	2.90	2.78	2.93	Aug-18	1.955
3yr	2.87	3.07	2.99	3.09	Sep-18	1.975
4yr	2.97	3.17	3.08	3.19	Oct-18	2.130
5yr	3.03	3.24	3.14	3.23	Nov-18	2.145
7yr	3.25	3.49	3.36	3.39	Dec-18	2.190
10yr	3.45	3.71	3.57	3.58	Jan-19	2.270
5yr Am	2.92		3.01	3.15	Jan-19	2.270
10yr Am	3.27		3.36	3.47	Mar-19	2.330

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
04/30	Personal Income	Mar	0.40%	0.30%	0.40%	0.30%
04/30	Personal Spending	Mar	0.40%	0.40%	0.20%	0.00%
04/30	Real Personal Spending	Mar	0.50%	0.40%	0.00%	-0.20%
04/30	PCE Deflator YoY	Mar	2.00%	2.00%	1.80%	1.70%
04/30	PCE Core YoY	Mar	1.90%	1.90%	1.60%	--
04/30	Chicago Purchasing Manager	Apr	58.00	57.60	57.40	--
04/30	Pending Home Sales NSA YoY	Mar	--	-4.40%	-4.40%	-4.70%
05/01	Markit US Manufacturing PMI	Apr F	56.50	56.50	56.50	--
05/01	ISM Manufacturing	Apr	58.50	57.30	59.30	--
05/01	ISM Employment	Apr	--	54.20	57.30	--
05/01	ISM Prices Paid	Apr	78.50	79.30	78.10	--
05/01	ISM New Orders	Apr	--	61.20	61.90	--
05/02	ADP Employment Change	Apr	198k	204k	244k	228k
05/02	FOMC Rate Decision (Upper Bound)	5/2	1.75%	1.75%	1.75%	--
05/02	FOMC Rate Decision (Lower Bound)	5/2	1.50%	1.50%	1.50%	--
05/03	Challenger Job Cuts YoY	Apr	--	--	39.40%	--
05/03	Nonfarm Productivity	1Q P	0.90%	--	0.00%	--
05/03	Unit Labor Costs	1Q P	3.00%	--	2.50%	--
05/03	Initial Jobless Claims	4/28	225k	--	209k	--
05/03	Continuing Claims	4/21	1835k	--	1837k	--
05/03	Markit US Composite PMI	Apr F	--	--	54.80	--
05/03	ISM Non-Manf. Composite	Apr	58.00	--	58.80	--
05/03	Durables Ex Transportation	Mar F	--	--	0.00%	--
05/03	Cap Goods Ship Nondef Ex Air	Mar F	--	--	-0.70%	--
05/03	Factory Orders Ex Trans	Mar	--	--	0.10%	--
05/04	Change in Nonfarm Payrolls	Apr	191k	--	103k	--
05/04	Two-Month Payroll Net Revision	Apr	--	--	-50k	--
05/04	Change in Private Payrolls	Apr	190k	--	102k	--
05/04	Change in Manufact. Payrolls	Apr	20k	--	22k	--
05/04	Unemployment Rate	Apr	4.00%	--	4.10%	--
05/04	Underemployment Rate	Apr	--	--	8.00%	--
05/04	Average Hourly Earnings YoY	Apr	2.70%	--	2.70%	--
05/04	Average Weekly Hours All Employees	Apr	34.50	--	34.50	--
05/04	Labor Force Participation Rate	Apr	62.90%	--	62.90%	--
05/08	JOLTS Job Openings	Mar	--	--	6052.00	--
05/09	PPI Final Demand YoY	Apr	--	--	3.00%	--
05/09	PPI Ex Food and Energy YoY	Apr	--	--	2.70%	--
05/09	PPI Ex Food, Energy, Trade YoY	Apr	--	--	2.90%	--
05/10	CPI YoY	Apr	2.50%	--	2.40%	--
05/10	Initial Jobless Claims	5/5	--	--	--	--
05/10	CPI Ex Food and Energy YoY	Apr	2.20%	--	2.10%	--
05/10	Continuing Claims	4/28	--	--	--	--
05/10	CPI Core Index SA	Apr	--	--	256.20	--
05/10	Real Avg Weekly Earnings YoY	Apr	--	--	0.90%	--
05/10	Real Avg Hourly Earning YoY	Apr	--	--	0.40%	--
05/11	Import Price Index YoY	Apr	--	--	3.60%	--
05/11	Export Price Index YoY	Apr	--	--	3.40%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	11.8	12.4	14.3	16.3	24.5	31.4
FH/FN 15y	4.8	5.3	6.2	13.0	15.1	18.8
GN 15y	6.4	9.6	12.1	11.9	12.7	13.1
FH/FN 20y		4.9	6.9	8.3	10.2	12.9
FH/FN 30y	1.6	4.0	2.9	4.8	8.5	14.1
GN 30y	5.4	8.5	11.2	15.1	14.3	16.3
CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	11.5	11.4	12.1	17.2	19.4	21.5
FH/FN 15y	7.4	7.9	8.7	11.1	15.7	25.0
GN 15y	6.1	10.1	11.9	13.9	12.8	12.6
FH/FN 20y	3.1	6.7	7.7	9.4	11.4	13.7
FH/FN 30y	4.9	5.6	5.8	6.9	9.7	12.1
GN 30y	5.5	7.9	8.9	10.9	16.0	19.5

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	109.92	0.49	105.89	114.08	111.99
Euro	1.20	-0.02	1.23	1.17	1.09
Dollar Index	92.60	1.43	90.05	94.69	98.98
Major Stock Indices					
Dow Jones	24034.83	-49.0	23,644.2	23,516.3	20,949.9
S&P 500	2,650.3	10.93	2,581.9	2,579.9	2,391.2
NASDAQ	7,147.4	143.68	6,870.1	6,714.9	6,095.4
Commodities					
Gold	1305.80	-15.40	1342.10	1278.10	1257.00
Crude Oil	67.29	-0.76	63.01	54.54	47.66
Natural Gas	2.76	-0.03	2.68	2.94	3.20
Wheat	527.25	41.00	446.25	426.00	441.50
Corn	396.00	9.50	387.25	350.50	364.00

Notes

- 1 Call Agy = Maturity at left w/ a 1-Year Call at Par
- 2 Muni TEY (21% Fed, 0.5% COF)
- 3 S-Corp TEY Muni (29.6%, no TEFERA)
- 4 MBS Prepayments are provided by Bloomberg

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Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 05/02/2018 1:06PM

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