

**Chris S. Wilson**  
*Vice President*  
Financial Strategies Group  
[chris@gobaker.com](mailto:chris@gobaker.com)  
866.379.2487

**The Baker Group**  
[GoBaker.com](http://GoBaker.com)  
1601 NW Expressway  
20th Floor  
Oklahoma City, OK  
800.937.2257

## Federal Open Market Committee (Full Announcement Text)

Information received since the Federal Open Market Committee met in July suggests that economic activity is expanding at a moderate pace. Household spending and business fixed investment have been increasing moderately, and the housing sector has improved further; however, net exports have been soft. The labor market continued to improve, with solid job gains and declining unemployment. On balance, labor market indicators show that underutilization of labor resources has diminished since early this year. Inflation has continued to run below the Committee's longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports. Market-based measures of inflation compensation moved lower; survey-based measures of longer-term inflation expectations have remained stable.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. Recent global economic and financial developments may restrain economic activity somewhat and are likely to put further downward pressure on inflation in the near term. Nonetheless, the Committee expects that, with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators continuing to move toward levels the Committee judges consistent with its dual mandate. The Committee continues to see the risks to the outlook for economic activity and the labor market as nearly balanced but is monitoring developments abroad. Inflation is anticipated to remain near its recent low level in the near term but the Committee expects inflation to rise gradually toward 2 percent over the medium term as the labor market improves further and the transitory effects of declines in energy and import prices dissipate. The Committee continues to monitor inflation developments closely.

To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to 1/4 percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress--both realized and expected--toward 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 anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen some further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term.

The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.

When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent. The Committee currently anticipates that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

Voting for the FOMC monetary policy action were: Janet L. Yellen, Chair; William C. Dudley, Vice Chairman; Lael Brainard; Charles L. Evans; Stanley Fischer; Dennis P. Lockhart; Jerome H. Powell; Daniel K. Tarullo; and John C. Williams. Voting against the action was Jeffrey M. Lacker, who preferred to raise the target range for the federal funds rate by 25 basis points at this meeting.

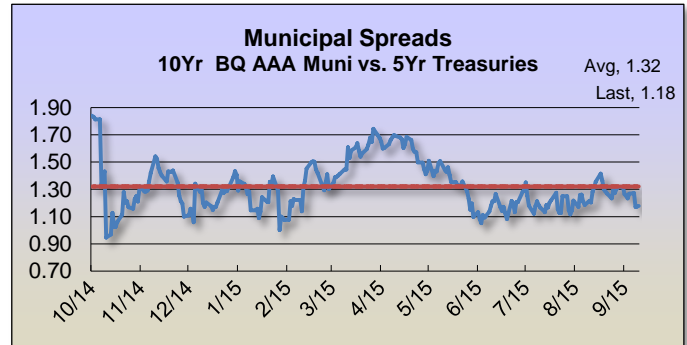
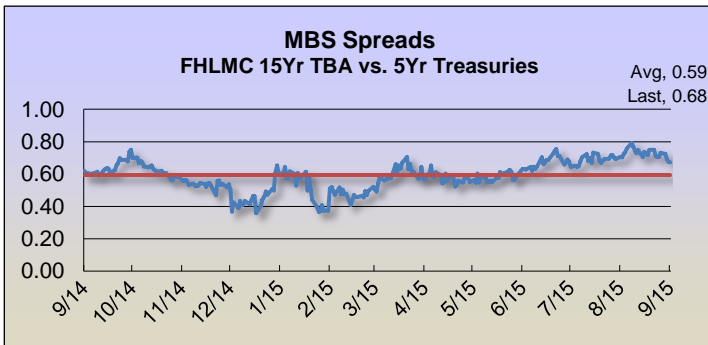
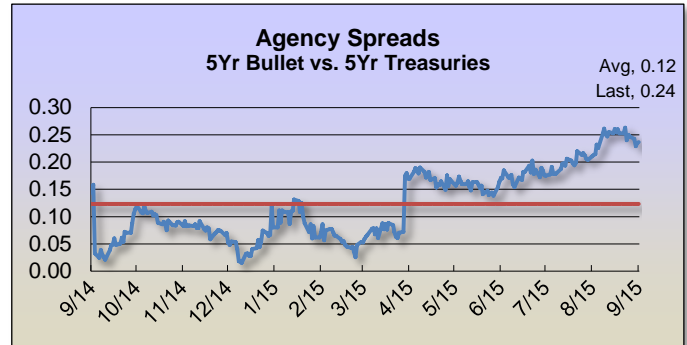
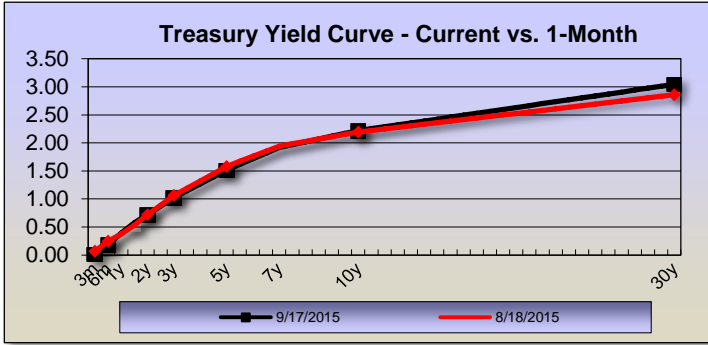
**For a Side-by-Side  
FOMC Statement  
Comparison, Please  
[Click Here](#)**  
*(source: Bloomberg News)*

**Latest FOMC Economic  
Projections  
[Click Here](#)**

[Click Here for Additional Economic & Financial News](#)

Atlanta, GA | Austin, TX | Indianapolis, IN | Oklahoma City, OK | Salt Lake City, UT | Springfield, IL

Member: Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC)



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	0.01	(0.01)	0.06	0.05	0.02	2yr	0.91	0.92	0.85	0.91	1.11	2Yr	0.89	0.87	0.82	-
6mo	0.18	(0.07)	0.23	0.15	0.04	3yr	1.20	1.20	1.25	1.33	1.44	3Yr	1.22	1.20	1.19	1.11
1yr	0.39	0.02	0.37	0.26	0.12	5yr	1.74	1.66	2.03	2.16	2.09	5Yr	1.73	1.74	1.73	1.68
2yr	0.72	(0.02)	0.71	0.67	0.57	7yr	2.13	1.99	2.65	2.82	2.77	7Yr	2.12	2.15	2.16	2.12
3yr	1.02	(0.04)	1.06	1.07	1.10	10yr	2.62	2.30	3.16	3.37	3.25	10Yr	2.49	2.52	2.57	2.54
5yr	1.51	(0.03)	1.57	1.55	1.83	15yr	3.23	2.57	3.82	4.07	3.90	October TBA MBS				
7yr	1.92	(0.01)	1.92	1.86	2.30	20yr	3.58	2.70	4.20	4.47	4.22	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	2.22	(0.01)	2.17	2.05	2.62	25yr	3.74	2.76	4.38	4.66	4.28	2.00	2.27	5.4y		
30yr	3.04	0.06	2.82	2.60	3.37	30yr		2.79	4.55	4.84	4.34	2.50	2.24	5.5y		
												3.00	2.18	4.8y	2.98	9.1y
												3.50	1.93	3.7y	2.99	8.2y
												4.00			2.61	5.0y
												4.50			2.27	4.1y

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	0.25	--	0.25	0.25	0.25
Primary Discount	0.75	--	0.75	0.75	0.75
2ndary Discount	1.25	--	1.25	1.25	1.25
Prime Rate	3.25	--	3.25	3.25	3.25
1 Month LIBOR	0.21	--	0.20	0.18	0.15
3 Month LIBOR	0.34	--	0.32	0.27	0.23
6 Month LIBOR	0.55	0.01	0.52	0.40	0.33
1 Year LIBOR	0.87	0.01	0.84	0.71	0.58
6 Month CD	0.58	0.03	0.59	0.39	0.29
1 Year CMT	0.46	0.07	0.41	0.26	0.13
REPO O/N	0.15	--	0.29	0.20	0.07
REPO 1Wk	0.35	0.07	0.26	0.23	0.20
CoF National Med	0.97	--	0.96	0.94	0.93
11th District CoF	0.64	--	0.66	0.70	0.68

FHLB Fixed Advance Rates					Fed Fund Futures	
Maturity	Chicago	Boston	Dallas	Topeka	Maturity	Rate
3mo	0.40	0.56	0.38	0.55	Sep-15	0.168
6mo	0.48	0.61	0.48	0.64	Oct-15	0.200
1yr	0.74	0.79	0.67	0.83	Nov-15	0.250
2yr	1.04	1.26	1.02	1.24	Dec-15	0.300
3yr	1.43	1.57	1.37	1.54	Jan-16	0.340
4yr	1.75	1.90	1.71	1.88	Feb-16	0.380
5yr	1.99	2.15	1.95	2.09	Mar-16	0.420
7yr	2.54	2.72	2.50	--	Apr-16	0.470
10yr	3.10	3.30	3.07	3.14	May-16	0.510
5yr Am	1.57		1.58	1.80	Jun-16	0.555
10yr Am	2.47		3.04	2.63	Jul-16	0.605

[Click Here for Additional Economic & Financial News](#)

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
09/15	Retail Sales Advance MoM	Aug	0.3%	<b>0.2%</b>	<del>0.6%</del>	0.7%
09/15	Retail Sales Ex Auto MoM	Aug	0.2%	<b>0.1%</b>	<del>0.4%</del>	0.6%
09/15	Retail Sales Ex Auto and Gas	Aug	0.4%	<b>0.3%</b>	<del>0.4%</del>	0.7%
09/15	Retail Sales Control Group	Aug	0.3%	<b>0.4%</b>	<del>0.3%</del>	0.6%
09/15	Empire Manufacturing	Sep	(0.5)	<b>(14.7)</b>	(14.9)	--
09/15	Industrial Production MoM	Aug	-0.2%	<b>-0.4%</b>	<del>0.6%</del>	0.9%
09/15	Capacity Utilization	Aug	77.8%	<b>77.6%</b>	78.0%	--
09/15	Manufacturing (SIC) Production	Aug	-0.3%	<b>-0.5%</b>	<del>0.8%</del>	0.9%
09/15	Business Inventories	Jul	0.1%	<b>0.1%</b>	<del>0.8%</del>	0.7%
09/16	MBA Mortgage Applications	9/11	--	<b>-7.0%</b>	-6.2%	--
09/16	CPI MoM	Aug	-0.1%	<b>-0.1%</b>	0.1%	--
09/16	CPI Ex Food and Energy MoM	Aug	0.1%	<b>0.1%</b>	0.1%	--
09/16	CPI YoY	Aug	0.2%	<b>0.2%</b>	0.2%	--
09/16	CPI Ex Food and Energy YoY	Aug	1.9%	<b>1.8%</b>	1.8%	--
09/16	Real Avg Weekly Earnings YoY	Aug	--	<b>2.3%</b>	<del>2.2%</del>	2.0%
09/16	Net Long-term TIC Flows	Jul	--	<b>\$7.7B</b>	\$103.1B	--
09/16	Total Net TIC Flows	Jul	--	<b>\$141.9B</b>	<del>-\$140.3B</del>	-\$129.7B
09/17	Current Account Balance	2Q	-\$111.5B	<b>-\$109.7B</b>	<del>-\$113.3B</del>	-\$118.3B
09/17	Housing Starts	Aug	1160K	<b>1126K</b>	<del>1206K</del>	1161K
09/17	Building Permits	Aug	1159K	<b>1170K</b>	<del>1149K</del>	1130K
09/17	Initial Jobless Claims	9/12	275K	<b>264K</b>	275K	--
09/17	Continuing Claims	9/5	2258K	<b>2237K</b>	<del>2260K</del>	2263K
09/17	Philadelphia Fed Business Outlook	Sep	5.9	<b>(6.0)</b>	8.3	--
09/17	FOMC Rate Decision (Upper Bound)	9/17	0.25%	<b>0.25%</b>	0.25%	--
09/17	FOMC Rate Decision (Lower Bound)	9/17	0.00%	<b>0.00%</b>	0.00%	--
09/18	Leading Index	Aug	0.2%	--	-0.2%	--
09/18	Household Change in Net Worth	2Q	--	--	\$1629B	--
09/21	Existing Home Sales	Aug	5.50M	--	5.59M	--
09/21	Existing Home Sales MoM	Aug	-1.6%	--	2.0%	--
09/22	FHFA House Price Index MoM	Jul	0.4%	--	0.2%	--
09/22	Richmond Fed Manufact. Index	Sep	2.0	--	-	--
09/22	U.S. to Sell USD26 Bln 2-Year Notes					
09/23	MBA Mortgage Applications	9/18	--	--	-7.0%	--
09/23	Markit US Manufacturing PMI	Sep P	53.2	--	53.0	--
09/23	U.S. to Sell USD35 Bln 5-Year Notes					
09/24	Chicago Fed Nat Activity Index	Aug	--	--	34.0%	--
09/24	Initial Jobless Claims	9/19	--	--	264K	--
09/24	Durable Goods Orders	Aug	-2.2%	--	2.0%	2.2%
09/24	Continuing Claims	9/12	--	--	2237K	--
09/24	Durables Ex Transportation	Aug	0.2%	--	<del>0.6%</del>	0.4%
09/24	Cap Goods Orders Nondef Ex Air	Aug	-0.1%	--	<del>2.2%</del>	2.1%
09/24	Cap Goods Ship Nondef Ex Air	Aug	--	--	0.6%	--
09/24	Bloomberg Consumer Comfort	9/20	--	--	40.2	--
09/24	New Home Sales	Aug	515K	--	507K	--
09/24	New Home Sales MoM	Aug	1.6%	--	5.4%	--
09/24	Kansas City Fed Manf. Activity	Sep	--	--	(9.0)	--
09/24	U.S. to Sell USD29 Bln 7-Year Notes					

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	10.1	11.4	14.6	17.1	19.0	20.3
FH/FN 15y	7.7	9.2	11.3	14.1	18.1	19.3
GN 15y	12.1	11.7	15.2	17.0	18.0	18.0
FH/FN 20y		7.3	8.1	12.2	16.1	20.7
FH/FN 30y		6.9	8.5	10.7	16.5	21.7
GN 30y	5.4	10.2	13.8	18.1	21.0	25.9
CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	8.1	10.7	14.7	16.7	17.5	17.3
FH/FN 15y	7.4	7.7	10.6	15.7	16.3	19.4
GN 15y	10.0	7.6	10.3	13.0	13.4	15.5
FH/FN 20y	6.0	6.0	7.8	11.2	13.8	15.6
FH/FN 30y	5.0	5.8	7.2	9.0	15.9	20.4
GN 30y	5.3	7.6	10.0	13.0	17.7	21.4

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	120.93	0.31	124.39	121.37	108.37
Euro	1.13	0.00	1.11	1.06	1.29
Dollar Index	95.34	-0.12	96.81	99.59	84.35
<b>Major Stock Indices</b>					
Dow Jones	16,751.6	421.2	17,545.2	17,849.1	17,156.9
S&P 500	1,997.7	45.40	2,102.4	2,074.3	2,001.6
NASDAQ	4,906.1	109.88	5,091.7	4,937.4	4,562.2
<b>Commodities</b>					
Gold	1116.40	7.10	1118.60	1148.20	1234.90
Crude Oil	46.67	0.75	41.87	43.46	94.42
Natural Gas	2.66	-0.03	2.73	2.86	4.01
Wheat	481.75	13.75	500.50	503.50	499.25
Corn	381.00	19.25	363.25	371.00	341.75

### Notes

- 1 Call Agy = Maturity at left w/ a 1-Year Call at Par
- 2 Muni TEY (34% Fed, 0.5% COF)
- 3 S-Corp TEY Muni (39.6%, no TEFERA)
- 4 MBS Prepayments are provided by Bloomberg

INTENDED FOR INSTITUTIONAL INVESTORS ONLY. The data provided in these reports is for informational purposes only and is intended solely for your private use. Information herein is believed to be reliable but The Baker Group LP does not guarantee its completeness or accuracy. Opinions constitute our judgment and are subject to change without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors; if you have any doubts you should consult your Baker representative. The investments discussed may fluctuate in price or value. Changes in rates of exchange may have an adverse effect on the value of investments. This material is not intended as an offer or solicitation for the purchase or sale of any financial instruments.

Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 09/17/2015 1:20PM

[Click Here for Additional Economic & Financial News](#)

Atlanta, GA | Austin, TX | Indianapolis, IN | Oklahoma City, OK | Salt Lake City, UT | Springfield, IL

Member: Financial Industry Regulatory Authority (FINRA) and Securities Investors Protection Corporation (SIPC)