

Baker Market Update: Week in Preview

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It's already that time again. This week's big news will come on Good Friday when the BLS releases its shiny new jobs report. Not sure how good it will be. In today's early going, bonds are not getting off to a good start and neither are equities and that leaves plenty of room for improvement.

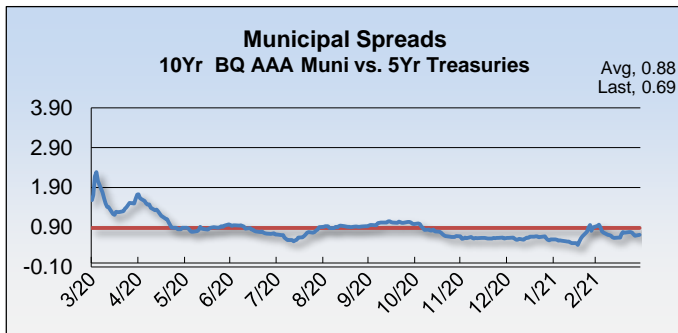
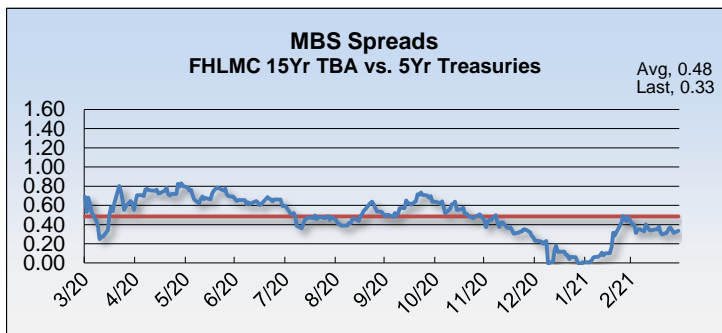
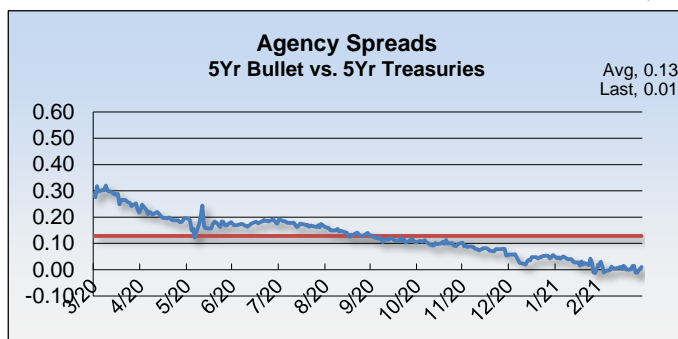
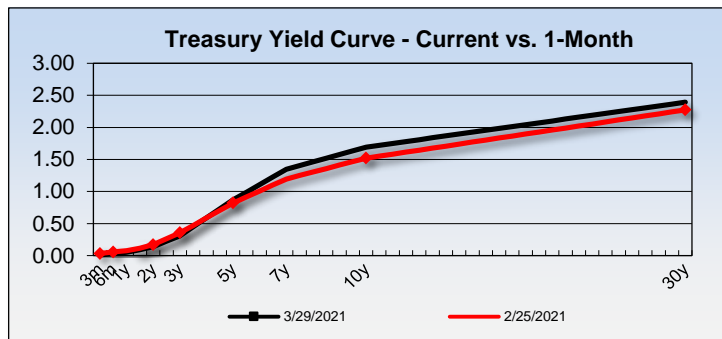
In today's only scheduled data release, the Dallas Fed got things off to a rip-roaring start when it reported that its Manufacturing Index soared way past expectations by coming in at 28.9 for this month. Analysts were actually expecting a slight decline to 16.8 from 17.2. Over the past week or so, similar diffusion indices have shown mixed results.

Tomorrow, home prices will be front and center beginning with a report from the FHFA that is expected to proclaim that, in January, its House Price Index rose 1.2% in a follow-up to December's 1.1% boost. Some more outdated housing information will also come out tomorrow when the CoreLogic Case-Shiller 20-City Price Index is expected to also notch a 1.2% January bump taking the year-over-year price growth pace to a lofty 11.25%. For the entire U.S. market, the year-over-year rise in prices should come in around 10.5%. Tomorrow should also provide some insight into the outlook of America's consumers when the Conference Board is expected to give us its March update on Consumer Confidence. Pre-release estimates suggest a move to 96.7 from 91.3. If it comes out that way, that's a big move.

Wednesday will start off with what some like to think is a Jobs Report preview from ADP with its private Employment Change Report. But, the historical correlation between the ADP jobs count and that produced by the BLS is quite low and any similarity in results is accidental. Nevertheless, ADP is looking for a March growth in jobs of 555k and that would certainly be an improvement from February's 117k. Market New International is then expected to report that its Chicago Purchasing Managers Index rose to 61 this month from 59.5 in February. The National Association of Realtors should then follow that up with an unfortunate report that will likely tell us that Pending Homes Sales fell another 3% last month after falling 2.8% in February.

On Thursday, the BLS will get us warmed up for Friday's Employment Report with the announcement that, for the week ending March 27th, Initial Jobless Claims totaled 680k; slightly less than the prior week's 684k. Continuing Claims for the week ending March 20th should show a decline to 3.75M from 3.87M. Markit U.S. is then expected to tell us that its Manufacturing PMI rose just a touch to 59.1 from 59. The Institute of Supply Management will then report that its own Manufacturing PMI rose to 61.4 from 60.8. The Census Bureau is also expected to announce that Construction Spending fell 1% in February. Later on Thursday, Wards Automotive Group will release its Total Vehicle Sales report for this month and it is expected to show annualized sales of 16.4M in a rise from February's 15.67M.

On Friday morning, the BLS will burst out of the gate early with its Employment Situation for March. In that report, we're likely to learn that Non-Farm Payrolls grew 650k; up from February's 379k. The Unemployment Rate is forecast to fall from 6.2% to 6% as the Labor Force Participation Rate might show a slight rise to 61.5% from 61.4%. That needs to rise a lot more. The Average Work Week is also expected to rise to 34.7 hours from 34.6. It slipped slightly the month before, and that is never a good sign. Average Hourly Earnings are expected to show a monthly gain of 0.1% as March's year-over-year growth pace slows to 4.5% from 5.3%. Those calculations have been much distorted by governmental transfer payments and, like so many other measurements, could have some unexpected values as lockdown data is replaced by more contemporaneous information. We'll see you on Good Friday. Be good this week.



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	0.01	0.01	0.04	0.09	-0.01	2yr	0.18	0.27	0.20	0.21	0.24	2Yr	0.08	0.08	0.08	-
6mo	0.03	(0.00)	0.05	0.10	0.01	3yr	0.32	0.45	0.36	0.39	0.48	3Yr	0.24	0.25	0.20	0.24
1yr	0.05	(0.01)	0.07	0.11	0.10	5yr	0.88	0.95	0.70	0.75	0.96	5Yr	0.87	0.87	0.86	0.80
2yr	0.14	(0.01)	0.13	0.13	0.24	7yr	1.28	1.34	1.06	1.13	1.57	7Yr	1.34	1.36	1.35	1.28
3yr	0.31	(0.01)	0.28	0.15	0.29	10yr	1.77	1.69	1.55	1.65	2.00	10Yr	1.73	1.79	1.78	1.72
5yr	0.87	0.01	0.73	0.26	0.39	15yr	2.27	1.97	1.88	2.00	2.41	April TBA MBS				
7yr	1.35	0.00	1.12	0.45	0.57	20yr	2.76	2.08	2.16	2.29	2.98	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	1.69	(0.00)	1.41	0.65	0.68	25yr	3.26	2.12	2.30	2.44	3.03	2.00	1.34	4.4y	1.99	
30yr	2.39	(0.01)	2.15	1.42	1.27	30yr		2.13	2.44	2.59	3.08	2.50	1.14	3.2y		
												3.00	1.12	3.1y	1.73	3.7y
												3.50	0.95	2.7y	1.47	3.1y
												4.00			1.23	2.9y
												4.50			0.97	2.7y

* 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	0.25	--	0.25	0.25	0.25
2ndary Discount	0.75	--	0.75	0.75	0.75
Prime Rate	3.25	--	3.25	3.25	3.25
Sec. O.N. Finance	0.01	--	0.01	0.08	--
1 Month LIBOR	0.11	(0.00)	0.12	0.15	0.94
3 Month LIBOR	0.20	0.00	0.19	0.22	1.37
6 Month LIBOR	0.20	0.00	0.20	0.27	1.06
1 Year LIBOR	0.28	0.00	0.28	0.37	0.97
6 Month CD	0.21	--	0.25	0.29	0.80
1 Year CMT	0.06	(0.01)	0.08	0.12	0.13
REPO O/N	0.04	0.03	0.12	0.08	-0.04
REPO 1Wk	0.06	--	0.06	0.13	0.07
CoF Federal	0.876	--	0.911	1.053	1.888
11th D. CoF (Jan)	0.457	--	0.460	0.653	0.984

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	0.22	0.31	0.26
6mo	0.22	0.31	0.25
1yr	0.28	0.29	0.28
2yr	0.33	0.51	0.37
3yr	0.49	0.69	0.54
4yr	0.78	0.97	0.83
5yr	1.03	1.24	1.08
7yr	1.49	1.73	1.57
10yr	1.90	2.16	1.97
5yr Am	0.64		0.79
10yr Am	1.38		1.50

Fed Fund Futures	
Maturity	Rate
Mar-21	0.070
Apr-21	0.065
May-21	0.065
Jun-21	0.070
Jul-21	0.075
Aug-21	0.075
Sep-21	0.075
Oct-21	0.075
Nov-21	0.075
Dec-21	0.075
Jan-22	0.080

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
3/29	Dallas Fed Manf. Activity	Mar	16.8	--	17.2	--
3/30	FHFA House Price Index MoM	Jan	1.2%	--	1.1%	--
3/30	S&P CoreLogic CS 20-City MoM SA	Jan	1.20%	--	1.25%	--
3/30	S&P CoreLogic CS 20-City YoY NSA	Jan	11.25%	--	10.10%	--
3/30	S&P CoreLogic CS US HPI YoY NSA	Jan	10.50%	--	10.37%	--
3/30	Conf. Board Consumer Confidence	Mar	96.7	--	91.3	--
3/30	Conf. Board Present Situation	Mar	--	--	92.0	--
3/30	Conf. Board Expectations	Mar	--	--	90.8	--
3/31	MBA Mortgage Applications	3/26	--	--	-2.5%	--
3/31	ADP Employment Change	Mar	555k	--	117k	--
3/31	MNI Chicago PMI	Mar	61.0	--	59.5	--
3/31	Pending Home Sales MoM	Feb	-3.0%	--	-2.8%	--
3/31	Pending Home Sales NSA YoY	Feb	6.5%	--	8.2%	--
4/1	Challenger Job Cuts YoY	Mar	--	--	-39.1%	--
4/1	Initial Jobless Claims	3/27	680k	--	684k	--
4/1	Continuing Claims	3/20	3750k	--	3870k	--
4/1	Langer Consumer Comfort	3/28	--	--	49.1	--
4/1	Markit US Manufacturing PMI	Mar F	59.1	--	59.0	--
4/1	Construction Spending MoM	Feb	-1.0%	--	1.7%	--
4/1	ISM Manufacturing	Mar	61.4	--	60.8	--
4/1	ISM Prices Paid	Mar	82.0	--	86.0	--
4/1	ISM New Orders	Mar	--	--	64.8	--
4/1	ISM Employment	Mar	--	--	54.4	--
4/1	Wards Total Vehicle Sales	Mar	16.40m	--	15.67m	--
4/2	Change in Nonfarm Payrolls	Mar	650k	--	379k	--
4/2	Two-Month Payroll Net Revision	Mar	--	--	38k	--
4/2	Change in Private Payrolls	Mar	657k	--	465k	--
4/2	Change in Manufact. Payrolls	Mar	36k	--	21k	--
4/2	Unemployment Rate	Mar	6.0%	--	6.2%	--
4/2	Average Hourly Earnings MoM	Mar	0.1%	--	0.2%	--
4/2	Average Hourly Earnings YoY	Mar	4.5%	--	5.3%	--
4/2	Average Weekly Hours All Employees	Mar	34.7	--	34.6	--
4/2	Labor Force Participation Rate	Mar	61.5%	--	61.4%	--
4/2	Underemployment Rate	Mar	--	--	11.1%	--
4/5	Markit US Services PMI	Mar F	--	--	60.0	--
4/5	Markit US Composite PMI	Mar F	--	--	59.1	--
4/5	ISM Services Index	Mar	57.5	--	55.3	--
4/5	Factory Orders Ex Trans	Feb	--	--	1.7%	--
4/5	Durables Ex Transportation	Feb F	--	--	-0.9%	--
4/5	Cap Goods Orders Nondef Ex Air	Feb F	--	--	-0.8%	--
4/5	Cap Goods Ship Nondef Ex Air	Feb F	--	--	-1.0%	--
4/6	JOLTS Job Openings	Feb	--	--	6917	--
4/7	Trade Balance	Feb	-\$69.5b	--	-\$68.2b	--
4/7	Consumer Credit	Feb	--	--	-\$1.315b	--
4/9	PPI Final Demand YoY	Mar	--	--	2.8%	--
4/9	PPI Ex Food and Energy YoY	Mar	--	--	2.5%	--
4/9	PPI Ex Food, Energy, Trade YoY	Mar	--	--	2.2%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	16.0	25.5	26.8	28.0	29.2	28.0
FH/FN 15y	15.5	35.6	41.3	44.5	22.5	22.1
GN 15y	18.3	17.9	18.9	19.8	19.0	19.3
FH/FN 20y	55.4	33.7	33.7	31.8	29.7	23.8
FH/FN 30y	4.6	22.8	57.3	56.2	55.2	51.9
GN 30y	10.3	18.5	41.9	50.6	43.1	27.9

CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	13.1	15.7	16.6	19.0	18.0	16.1
FH/FN 15y	13.1	18.4	20.3	28.6	18.9	21.6
GN 15y	16.8	14.6	14.9	14.2	13.5	13.1
FH/FN 20y	8.9	14.0	17.5	19.5	20.0	18.7
FH/FN 30y	8.1	13.5	24.7	28.2	30.5	29.5
GN 30y	10.0	12.7	19.0	19.0	27.4	21.2

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	109.68	0.83	106.76	105.66	107.76
Euro	1.18	(0.02)	1.20	1.17	1.10
Dollar Index	92.79	1.05	90.88	93.89	98.37
Major Stock Indices					
Dow Jones	33,073	445	30,932	27,453	21,637
S&P 500	3,974.5	61.4	3,811.2	3,335.5	2,541.5
NASDAQ	13,138.7	(77)	13,192.4	11,085.3	7,502.4
Commodities					
Gold	1,723.4	(14.7)	1,728.8	1,894.3	1,625.0
Crude Oil	61.17	(0.38)	61.50	39.29	21.51
Natural Gas	2.59	0.00	2.77	2.56	1.63
Wheat	612.3	-15.0	655.0	549.5	571.3
Corn	547.5	-1.5	555.5	364.8	346.0

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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