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The US Treasury market saw a rebound this week with yields drifting slightly lower across the curve. After some upward pressure from last week's 30yr high on headline inflation print (CPI=6.2%) rates settled back down approximately 5 to 10 basis points as the market continues to digest recent economic data as well as the timing of the Federal Open Market Committee's first-rate hike since 2018. After peaking at 1.70% about a month ago, the 10Yr Treasury yield currently sits at 1.54%. Equities markets saw small increases as the S&P 500 continues to notch all-time highs and oil fell off a little bit down from \$80 to \$76 with a recent high of \$84.65 late October.

On Tuesday, the October US Retail Sales report was released, indicating strong results. The release showed a 1.7% month over month increase which was the biggest in increase retail spending since March and the third straight month of increases. The broad gain in spending continues to illustrate that elevated savings and rising wages have helped Americans continue to purchase merchandise and anchor economic growth. Also released on Tuesday was Industrial production showing a 1.6% month over month increase further reinforcing that economic activity is strengthening. However rising inflation starting to flow into consumer sentiment and could be a headwind to these figures in the coming months.

It was a busy week in Washington. On Monday, President Biden signed the \$1 trillion dollar bi-partisan infrastructure bill into law. Next on his agenda is the \$1.64 trillion economic plan which saw the non-partisan Congressional Budget Office (CBO) indicate it would add \$367 billion to the Federal Budget deficit over the next decade. In spite of the data from the CBO and the eight and half hour-long speech by House Minority Leader Kevin McCarthy the bill passed the House and is expected to be voted in the Senate early December.

Turing to the Federal Reserve, it is becoming apparent that Chairman Powell's path to reappointment is not a certainty given the current landscape. Recent activity in betting markets is indicating about a 60% chance of Senate confirmation while current Federal Reserve Board Governor Lael Brainard is approximately 40%. Democratic Senator Joe Manchin has spoken to or plans to talk with both candidates and provide his feedback to President Biden. Senate Banking Chairman Sherrod Brown said this week that either candidate President Biden should elect will have a smooth approval process within the Senate.

Next week there are a few of data points to watch with the shortened Thanksgiving holiday week. Durable goods orders are expected to decline slightly due to a drop in the more volatile items in the headline figure (aircrafts). Personal income and spending data for October will also come out which are expected to show lower nominal incomes given the recent inflation increases. The FOMC minutes from their November meeting will be released and investors will look into the dovish tone and continued use of "largely transitory" with the inflation language.

It is looking very likely that inflation will remain elevated out until early next year. While it is not clear on the short-term impact to growth, typically it will boost growth short term before dragging on it on a long-term basis.

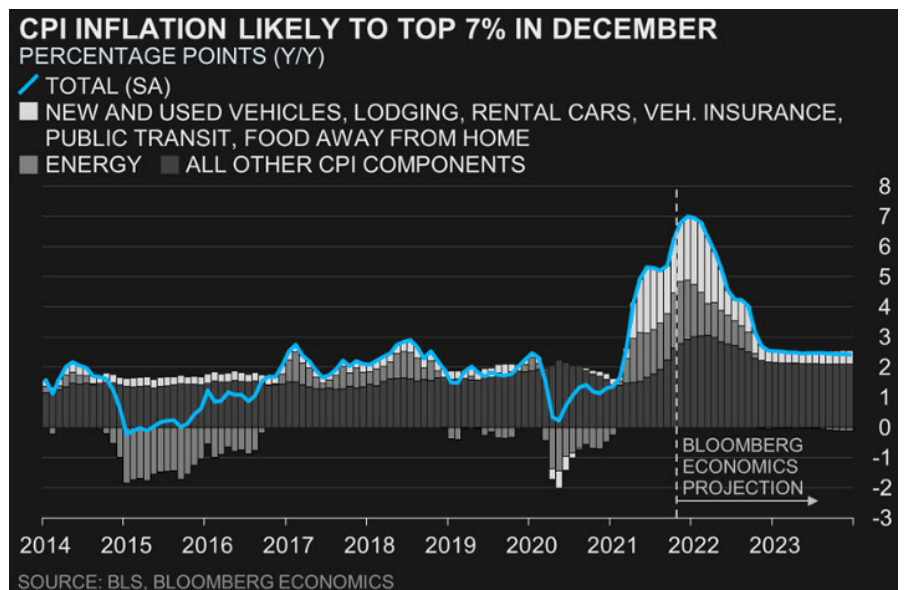
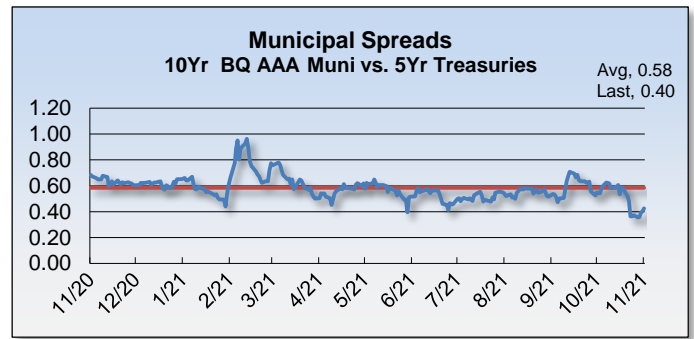
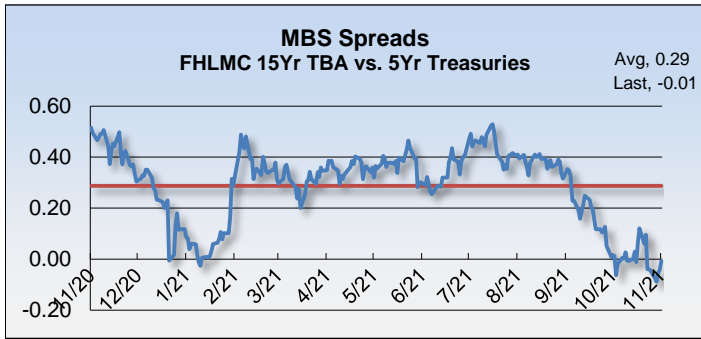
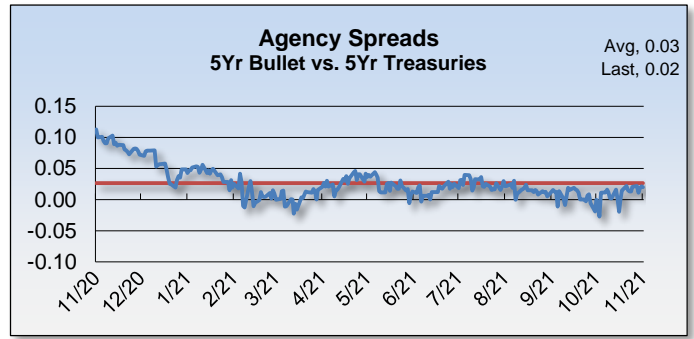
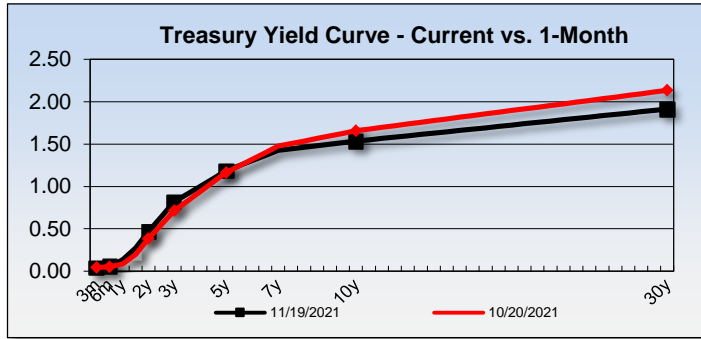


Chart from Bloomberg Economics



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	0.04	(0.01)	0.05	0.01	0.06	2yr	0.52	0.73	0.35	0.37	0.58	2Yr	0.42	0.42	0.42	-
6mo	0.06	(0.01)	0.05	0.02	0.09	3yr	0.84	1.02	0.48	0.51	0.83	3Yr	0.77	0.77	0.70	0.77
1yr	0.13	(0.03)	0.10	0.05	0.10	5yr	1.21	1.29	0.87	0.92	1.32	5Yr	1.21	1.21	1.20	1.14
2yr	0.47	(0.04)	0.40	0.16	0.16	7yr	1.48	1.45	1.29	1.37	1.66	7Yr	1.45	1.48	1.47	1.40
3yr	0.82	(0.03)	0.72	0.35	0.23	10yr	1.70	1.58	1.55	1.65	1.98	10Yr	1.61	1.67	1.66	1.60
5yr	1.19	(0.04)	1.16	0.86	0.37	15yr	1.93	1.70	1.69	1.80	2.31	December TBA MBS				
7yr	1.42	(0.03)	1.47	1.32	0.61	20yr	2.16	1.74	1.90	2.03	2.44	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	1.53	(0.03)	1.64	1.67	0.83	25yr	2.40	1.74	2.04	2.18	2.49	2.00	1.39	4.3y	1.99	
30yr	1.91	(0.02)	2.09	2.37	1.55	30yr	2.40	1.72	2.18	2.32	2.54	2.50	1.40	3.5y		
												3.00	1.39	3.1y	1.97	4.5y
												3.50	1.28	2.7y	2.08	4.3y
												4.00			2.17	4.2y
												4.50			2.40	4.2y

* 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	0.05	--	0.05	0.01	--
1 Month LIBOR	0.09	0.00	0.09	0.10	0.15
3 Month LIBOR	0.16	0.00	0.13	0.16	0.22
6 Month LIBOR	0.22	(0.00)	0.17	0.18	0.26
1 Year LIBOR	0.39	0.00	0.30	0.26	0.34
6 Month CD	0.28	(0.02)	0.22	0.14	0.23
1 Year CMT	0.18	0.01	0.11	0.06	0.11
REPO O/N	0.04	(0.02)	0.02	0.01	0.07
REPO 1Wk	0.12	--	0.14	0.06	0.09
CoF Federal	0.752	--	0.761	0.845	1.019
11th D. CoF (Sep)	0.225	--	0.238	0.377	0.523

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	0.22	0.34	0.27
6mo	0.23	0.33	0.28
1yr	0.37	0.39	0.37
2yr	0.67	0.86	0.71
3yr	0.98	1.19	1.04
4yr	1.22	1.44	1.28
5yr	1.36	1.57	1.41
7yr	1.62	1.88	1.68
10yr	1.86	2.12	1.90
5yr Am	1.05		1.17
10yr Am	1.53		1.61

Fed Fund Futures	
Maturity	Rate
Nov-21	0.080
Dec-21	0.080
Jan-22	0.080
Feb-22	0.085
Mar-22	0.105
Apr-22	0.120
May-22	0.160
Jun-22	0.200
Jul-22	0.250
Aug-22	0.310
Sep-22	0.340

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
11/15	Empire Manufacturing	Nov	22.0	30.9	19.8	--
11/16	Retail Sales Ex Auto and Gas	Oct	0.7%	1.4%	0.7%	0.5%
11/16	Retail Sales Control Group	Oct	0.9%	1.6%	0.8%	0.5%
11/16	Import Price Index YoY	Oct	10.3%	10.7%	9.2%	9.3%
11/16	Export Price Index YoY	Oct	16.3%	18.0%	16.3%	16.5%
11/16	Capacity Utilization	Oct	75.9%	76.4%	75.2%	--
11/16	Manufacturing (SIC) Production	Oct	0.9%	1.2%	-0.7%	--
11/16	Business Inventories	Sep	0.6%	0.7%	0.6%	0.8%
11/16	NAHB Housing Market Index	Nov	80	83	80	--
11/16	Total Net TIC Flows	Sep	--	-\$26.8b	\$94.0b	\$91.1b
11/16	Net Long-term TIC Flows	Sep	--	\$26.3b	\$79.3b	--
11/17	MBA Mortgage Applications	11/12	--	-2.8%	5.5%	--
11/17	Housing Starts	Oct	1579k	1520k	1555k	1530k
11/17	Building Permits	Oct	1630k	1650k	1589k	1586k
11/17	20Y High Yield Rate	11/17	--	2.07%	2.10%	--
11/17	20Y Bid/Cover Ratio	11/17	--	2.34%	2.25%	--
11/17	20Y Direct Accepted %	11/17	--	19.4%	15.6%	--
11/17	20Y Indirect Accepted %	11/17	--	60.2%	64.8%	--
11/18	Initial Jobless Claims	11/13	260k	268k	267k	269k
11/18	Continuing Claims	11/6	2120k	2080k	2160k	2209k
11/18	Philadelphia Fed Business Outlook	Nov	24.0	39.0	23.8	--
11/18	Leading Index	Oct	0.8%	0.9%	0.2%	0.1%
11/18	Kansas City Fed Manf. Activity	Nov	28	24	31	--
11/18	8W High Yield Rate	11/18	--	0.05%	0.06%	--
11/18	8W Bid/Cover Ratio	11/18	--	4.43	3.36	--
11/18	8W Direct Accepted %	11/18	--	2.1%	8.6%	--
11/18	8W Indirect Accepted %	11/18	--	64.8%	36.3%	--
11/22	Chicago Fed Nat Activity Index	Oct	--	--	-0.13	--
11/22	Existing Home Sales	Oct	6.20m	--	6.29m	--
11/23	Markit US Manufacturing PMI	Nov P	59.0	--	58.4	--
11/23	Markit US Services PMI	Nov P	59.0	--	58.7	--
11/23	Markit US Composite PMI	Nov P	--	--	57.6	--
11/23	Richmond Fed Manufact. Index	Nov	11	--	12	--
11/24	Advance Goods Trade Balance	Oct	-\$94.8b	--	-\$96.3b	--
11/24	GDP Annualized QoQ	3Q S	2.2%	--	2.0%	--
11/24	Personal Consumption	3Q S	1.6%	--	1.6%	--
11/24	GDP Price Index	3Q S	5.7%	--	5.7%	--
11/24	Core PCE QoQ	3Q S	4.5%	--	4.5%	--
11/24	Durable Goods Orders	Oct P	0.2%	--	-0.3%	--
11/24	Durables Ex Transportation	Oct P	0.4%	--	0.5%	--
11/24	Cap Goods Orders Nondef Ex Air	Oct P	0.5%	--	0.8%	--
11/24	Cap Goods Ship Nondef Ex Air	Oct P	0.5%	--	1.4%	--
11/24	Personal Income	Oct	0.2%	--	-1.0%	--
11/24	Personal Spending	Oct	1.0%	--	0.6%	--
11/24	Real Personal Spending	Oct	0.4%	--	0.3%	--
11/24	PCE Deflator YoY	Oct	5.1%	--	4.4%	--
11/24	PCE Core Deflator YoY	Oct	4.1%	--	3.6%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	17.6	25.4	25.7	26.9	26.0	13.4
FH/FN 15y	14.2	32.0	35.2	37.5	30.4	23.3
GN 15y	27.1	19.8	20.9	19.7	19.6	21.1
FH/FN 20y	56.7	26.8	28.2	27.4	27.6	23.5
FH/FN 30y	8.7	17.2	46.1	45.5	46.1	47.7
GN 30y	6.9	17.1	45.4	45.9	42.9	27.5
CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	16.3	17.8	18.6	19.3	20.5	19.6
FH/FN 15y	14.2	15.9	18.6	22.4	21.8	20.9
GN 15y	13.8	13.6	13.6	13.1	12.5	12.2
FH/FN 20y	56.1	13.8	14.3	14.7	15.5	15.4
FH/FN 30y	10.5	12.6	18.6	19.3	20.4	19.9
GN 30y	9.0	10.8	15.3	14.8	15.1	12.1

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	113.84	(0.05)	114.38	109.22	103.74
Euro	1.13	(0.01)	1.16	1.22	1.19
Dollar Index	95.82	0.69	93.73	90.19	92.29
Major Stock Indices					
Dow Jones	35,700	(401)	35,457	33,896	29,483
S&P 500	4,706.3	23.4	4,519.6	4,115.7	3,581.9
NASDAQ	16,089.2	228	15,129.1	13,299.7	11,904.7
Commodities					
Gold	1,861.6	(6.9)	1,769.7	1,881.5	1,861.5
Crude Oil	76.05	(4.74)	82.96	63.36	41.74
Natural Gas	4.95	0.15	5.09	2.96	2.59
Wheat	824.0	7.0	736.0	679.3	591.8
Corn	573.0	-4.3	530.3	658.3	422.5

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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