

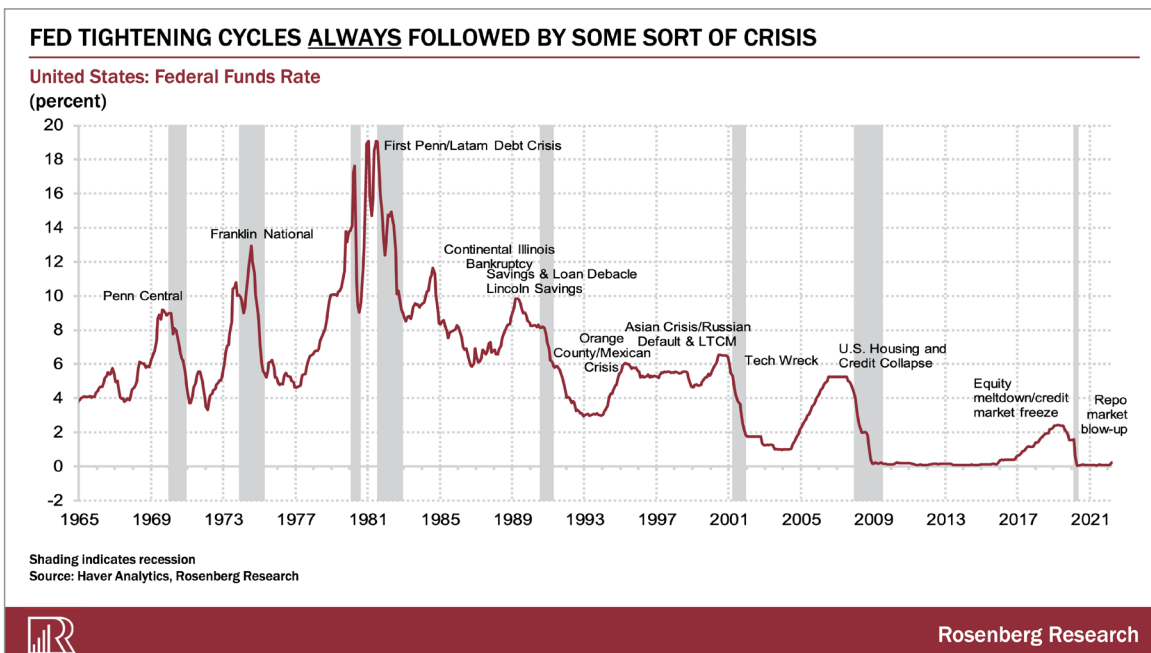


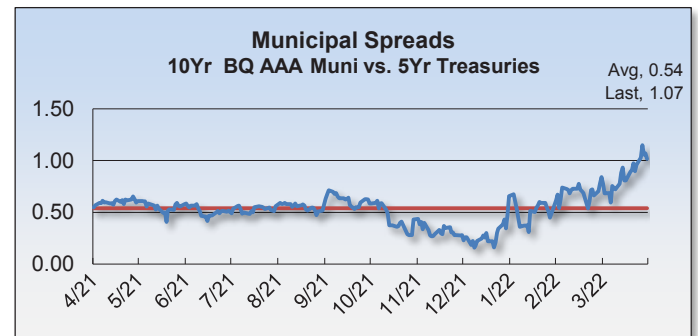
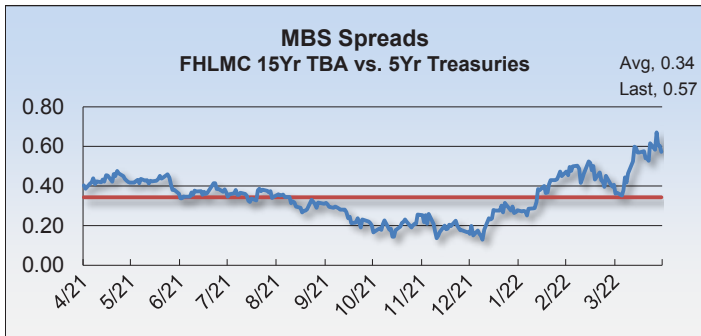
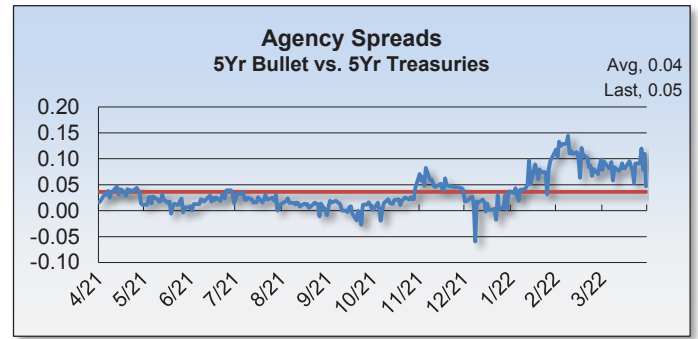
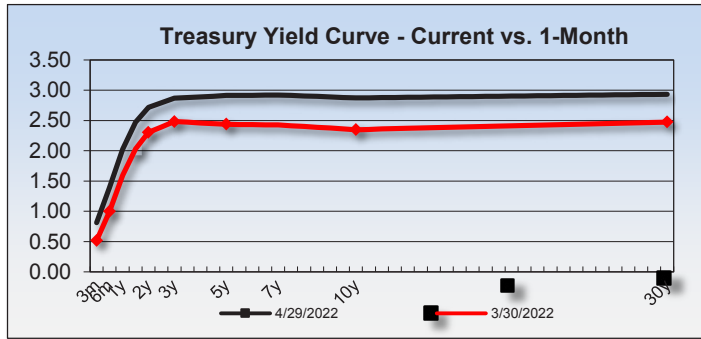
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Stocks are weaker, the dollar is soaring, and bonds continue to range-trade as this week nears an end. The futures market is priced for a near 3% fed funds rate one year from now as policymakers stumble over themselves to telegraph how hawkish they are. Meanwhile, the Bureau of Economic Analysis reported yesterday that the US economy did not grow in the first quarter of this year, but rather it contracted by 1.4%. Many analysts shrugged off the report by pointing to the fact that most of the decline was attributable to net exports and the drawdown of inventories which had previously become bloated. Still, there is a reason that those components feed into the number and it is too early to suggest that these are temporary or one-off factors. The export sector in particular can be expected to suffer additional damage going forward from the strong dollar. Moreover, earnings of overseas operations for US corporations will be negatively impacted by the currency conversion if the greenback maintains its mojo.

There is an argument convincingly made by Dave Rosenberg of Rosenberg Research that we are much closer to recession than commonly thought, and that the Fed is likely to overplay their hand on tightening... something they historically and characteristically tend to do. An asset price bubble fueled by Fed ease and Treasury stimulus over the last two years has reached extremes that will be difficult to sustain much longer in the face of aggressive tightening. Fed Chairman Jerome Powell, singing the praises of his predecessor Paul Volcker, is determined to squash inflation rates that currently exceed 8.5%. That involves demand destruction at a time when real personal income is falling due to the sudden cessation of fiscal stimulus this year. As noted by Rosenberg, Fed tightening cycles are always followed by some sort of crisis. If not recession, a bubble burst of some sort may be on the menu. And if that happens, look for a safe-haven trade into the Treasury market.

The Fed is expected to hike its policy rate by 50 basis points and launch quantitative tightening at next week's FOMC meeting. We will also see from the labor department how the job market performed in April. Most analysts expect a healthy 375,000 new payrolls were created. Next week will also see the release of manufacturing and trade data as well as construction spending and factory orders.





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	0.81	0.01	0.55	0.05	0.01	2yr	2.73	3.03	3.08	3.28	2.91	2Yr	2.72	2.72	2.72	-
6mo	1.39	0.08	1.04	0.06	0.03	3yr	2.92	3.07	3.28	3.49	3.05	3Yr	2.87	2.88	2.80	2.87
1yr	2.03	(0.00)	1.65	0.12	0.05	5yr	2.99	3.01	3.40	3.62	3.33	5Yr	2.99	2.99	2.98	2.92
2yr	2.72	0.05	2.37	0.50	0.16	7yr	3.07	2.98	3.57	3.80	3.44	7Yr	3.00	3.03	3.02	2.95
3yr	2.87	0.01	2.55	0.75	0.40	10yr	3.20	2.96	3.78	4.02	3.57	10Yr	3.01	3.06	3.05	2.99
5yr	2.91	(0.02)	2.50	1.18	0.86	15yr	3.33	2.96	3.98	4.23	3.82	May TBA MBS				
7yr	2.92	(0.03)	2.49	1.45	1.32	20yr	3.46	2.91	4.09	4.35	3.69	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	2.87	(0.03)	2.40	1.55	1.64	25yr	3.59	2.82	4.18	4.45	3.75	2.00	3.20	5.8y	3.42	
30yr	2.93	(0.01)	2.50	1.93	2.30	30yr		2.72	4.27	4.54	3.80	2.50	3.34	5.6y		
												3.00	3.49	3.9y	3.73	9.6y
												3.50	3.40	3.8y	3.90	8.6y
												4.00			4.04	5.7y
												4.50			4.02	5.0y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	0.50	--	0.50	0.25	0.25
Primary Discount	0.50	--	0.50	0.25	0.25
2ndary Discount	1.00	--	1.00	0.75	0.75
Prime Rate	3.50	--	3.50	3.25	3.25
Sec. O.N. Finance	0.28	0.02	0.28	0.05	--
1 Month LIBOR	0.76	0.13	0.45	0.09	0.11
3 Month LIBOR	1.24	0.10	0.98	0.13	0.18
6 Month LIBOR	1.83	0.15	1.45	0.18	0.21
1 Year LIBOR	2.54	0.18	2.09	0.33	0.28
6 Month CD	1.79	(0.03)	1.49	0.32	0.19
1 Year CMT	2.04	0.03	1.69	0.15	0.05
REPO O/N	0.27	0.01	0.27	0.03	0.01
REPO 1Wk	0.67	0.26	0.40	0.14	0.10
CoF Federal	0.870	--	0.791	0.752	0.845
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	1.09	1.17	1.12
6mo	1.60	1.72	1.64
1yr	2.29	2.36	2.28
2yr	2.87	2.95	2.92
3yr	3.05	3.15	3.10
4yr	3.10	3.23	3.16
5yr	3.12	3.24	3.18
7yr	3.25	3.39	3.32
10yr	3.44	3.60	3.51
5yr Am	3.04		3.09
10yr Am	3.31		3.33

Fed Fund Futures		
Maturity	Rate	
Apr-22	0.330	
May-22	0.785	
Jun-22	1.150	
Jul-22	1.505	
Aug-22	1.930	
Sep-22	2.055	
Oct-22	2.340	
Nov-22	2.600	
Dec-22	2.730	
Jan-23	2.840	
Feb-23	2.980	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
4/26	Durables Ex Transportation	Mar P	0.6%	1.1%	-0.6%	-0.5%
4/26	Cap Goods Ship Nondef Ex Air	Mar P	0.5%	0.2%	0.3%	0.2%
4/26	S&P CoreLogic CS 20-City YoY NSA	Feb	19.20%	20.20%	19.10%	18.94%
4/26	S&P CoreLogic CS US HPI YoY NSA	Feb	--	19.80%	19.17%	19.14%
4/26	Conf. Board Consumer Confidence	Apr	108.2	107.3	107.2	107.6
4/26	Conf. Board Present Situation	Apr	--	152.6	153.0	153.8
4/26	Conf. Board Expectations	Apr	--	77.2	76.6	76.7
4/26	New Home Sales	Mar	768k	763k	772k	835k
4/27	MBA Mortgage Applications	4/22	--	-8.3%	-5.0%	--
4/27	Advance Goods Trade Balance	Mar	-\$105.0b	-\$125.3b	-\$106.6b	-\$106.3b
4/27	Pending Home Sales NSA YoY	Mar	-8.1%	-8.9%	-5.4%	-5.2%
4/28	GDP Annualized QoQ	1Q A	1.0%	-1.4%	6.9%	--
4/28	Personal Consumption	1Q A	3.5%	2.7%	2.5%	--
4/28	GDP Price Index	1Q A	7.2%	8.0%	7.1%	--
4/28	Core PCE QoQ	1Q A	5.5%	5.2%	5.0%	--
4/28	Initial Jobless Claims	4/23	180k	180k	184k	185k
4/28	Continuing Claims	4/16	1399k	1408k	1417k	1409k
4/29	Employment Cost Index	1Q	1.1%	1.4%	1.0%	--
4/29	Personal Income	Mar	0.4%	0.5%	0.5%	0.7%
4/29	Real Personal Spending	Mar	-0.1%	0.2%	-0.4%	0.1%
4/29	PCE Deflator YoY	Mar	6.7%	6.6%	6.4%	6.3%
4/29	PCE Core Deflator YoY	Mar	5.3%	5.2%	5.4%	5.3%
4/29	U. of Mich. Sentiment	Apr F	65.7	65.2	65.7	--
4/29	U. of Mich. Current Conditions	Apr F	68.0	69.4	68.1	--
4/29	U. of Mich. 1 Yr Inflation	Apr F	5.4%	5.4%	5.4%	--
5/2	ISM Manufacturing	Apr	57.8	--	57.1	--
5/2	ISM Prices Paid	Apr	--	--	87.1	--
5/2	ISM New Orders	Apr	--	--	53.8	--
5/2	ISM Employment	Apr	--	--	56.3	--
5/3	Factory Orders Ex Trans	Mar	--	--	0.4%	--
5/3	JOLTS Job Openings	Mar	--	--	11266k	--
5/4	ADP Employment Change	Apr	388k	--	455k	--
5/4	S&P Global US Composite PMI	Apr F	--	--	55.1	--
5/4	ISM Services Index	Apr	58.7	--	58.3	--
5/4	FOMC Rate Decision (Lower Bound)	5/4	0.8%	--	0.3%	--
5/4	FOMC Rate Decision (Upper Bound)	5/4	1.0%	--	0.5%	--
5/4	Interest on Reserve Balances Rate	5/5	--	--	0.4%	--
5/5	Challenger Job Cuts YoY	Apr	--	--	-30.1%	--
5/5	Nonfarm Productivity	1Q P	-2.8%	--	6.6%	--
5/5	Unit Labor Costs	1Q P	7.3%	--	0.9%	--
5/6	Two-Month Payroll Net Revision	Apr	--	--	95k	--
5/6	Change in Nonfarm Payrolls	Apr	390k	--	431k	--
5/6	Change in Private Payrolls	Apr	400k	--	426k	--
5/6	Change in Manufact. Payrolls	Apr	35k	--	38k	--
5/6	Unemployment Rate	Apr	3.6%	--	3.6%	--
5/6	Labor Force Participation Rate	Apr	62.5%	--	62.4%	--
5/6	Underemployment Rate	Apr	--	--	6.9%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	11.7	19.8	22.5	22.9	20.1	28.9
FH/FN 15y	14.8	16.4	22.4	28.4	27.3	23.5
GN 15y	18.6	16.5	18.7	19.3	20.9	20.6
FH/FN 20y	53.3	13.0	17.7	19.8	21.4	19.7
FH/FN 30y	8.0	8.7	16.3	15.8	40.8	44.8
GN 30y	5.4	10.4	21.6	22.0	26.9	22.2

CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	13.0	16.1	17.1	17.2	17.8	18.0
FH/FN 15y	9.4	9.0	11.2	12.5	16.6	19.9
GN 15y	10.7	10.5	11.2	11.7	11.9	12.1
FH/FN 20y	52.9	7.7	9.3	10.2	10.8	11.2
FH/FN 30y	6.9	6.5	7.6	8.5	13.4	16.0
GN 30y	6.1	7.6	10.1	10.4	11.1	11.8

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	130.16	1.66	122.88	113.95	108.93
Euro	1.05	(0.03)	1.11	1.16	1.21
Dollar Index	103.23	2.01	98.40	94.12	90.61
Major Stock Indices					
Dow Jones	33,843	32	35,294	35,820	34,060
S&P 500	4,245.3	(26.4)	4,631.6	4,605.4	4,211.5
NASDAQ	12,792.8	(47)	14,619.6	15,498.4	14,082.6
Commodities					
Gold	1,912.1	(22.2)	1,912.2	1,783.9	1,768.3
Crude Oil	106.79	4.72	104.24	83.57	65.01
Natural Gas	7.02	0.49	5.34	5.43	2.91
Wheat	1,057.8	-7.8	1,014.3	772.8	737.5
Corn	820.0	27.0	726.3	568.3	702.0

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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