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### UPCOMING EVENTS

#### Banks

##### Seminars:

Findlay, OH  
Sep 28, 2022

Oklahoma City, OK  
Oct 20, 2022

##### Webinars:

Q4 Conference Call  
Oct 12, 2022

#### Credit Unions

##### Seminars:

Dallas, TX  
Nov 4, 2022

##### Webinars:

Q4 Conference Call  
Oct 13, 2022

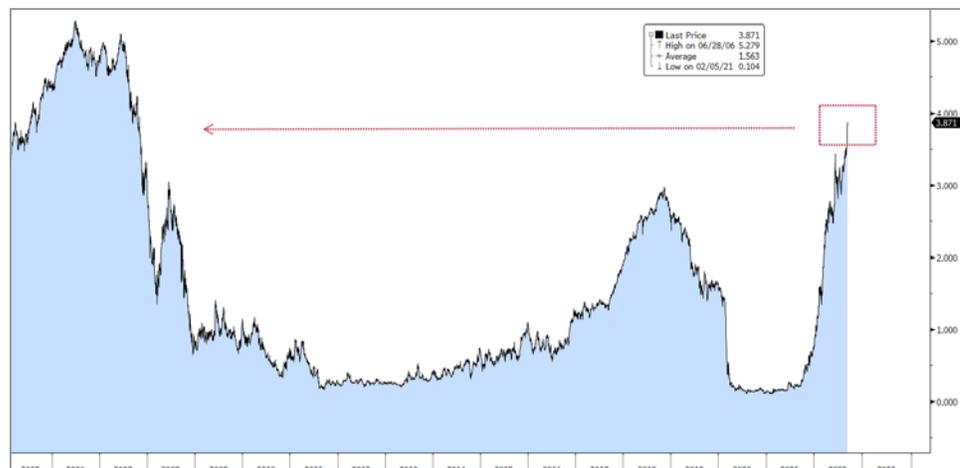
The cost of borrowing continues to rise in order to fight the rising cost of everything else. The great post-pandemic inflation is very much alive, but the Fed is intent on killing it. We learned this week that top-line consumer prices again rose faster than expected, causing stocks, bonds and just about everything else to sell off sharply. Particularly hard hit was the short end of the Treasury yield curve where, for example, the yield on a 2yr Note jumped to 3.90%, it's highest level since the original iPhone was released in 2007. Longer-dated maturities followed suit to a lesser degree... the 10yr yield is re-testing its June high of 3.5%. So, the yield curve inversion (spread between 2s and 10s) again deepened to over 40bps as markets now expect the Fed to push the funds rate over 4% by year-end. The question is... can the Fed squash inflation without sending the economy into a long and painful recession.

Fed Chair Powell and his colleagues have told us in no uncertain terms that there will be some pain, but that they will be unwavering in their commitment to beating down inflation. The problem is one of timing. We all know that economic policy works with "long and variable time-lags". Let's not forget that just six months ago the fed funds rate was near zero, and the first rate-hike in March was a paltry 25bps. If we define "long and variable" as anywhere from six to eighteen months, then we're just now at the point where that very first baby step of this tightening cycle might be felt. Imagine the impact of the subsequent 225bps as they become manifest in financing household and corporate economic activity. Some quite-reputable analysts, Dave Rosenberg and Jeff Gundlach for example, are sounding the alarm that the Fed risks overplaying their hand as they work to restore credibility and prove that they can accomplish their mission. Falling inflation expectations and the deepening yield curve inversion both seem to confirm this thinking. Moreover, global shipping colossus FedEx Corporation saw such a sudden and significant decline in business conditions that they felt compelled to withdraw their earnings forecast. A leading indicator indeed.

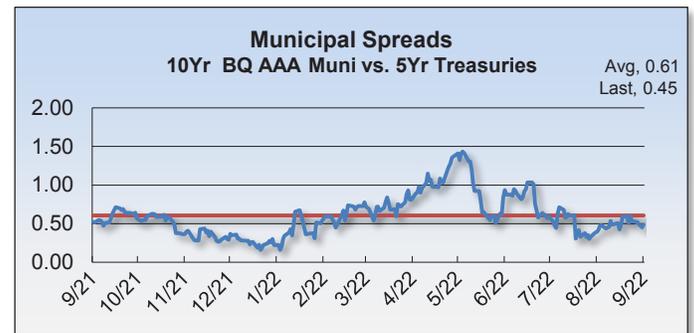
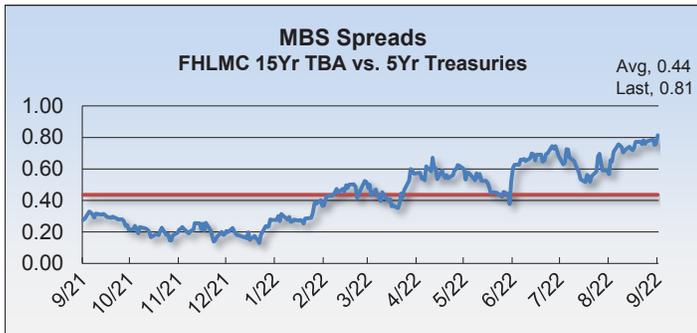
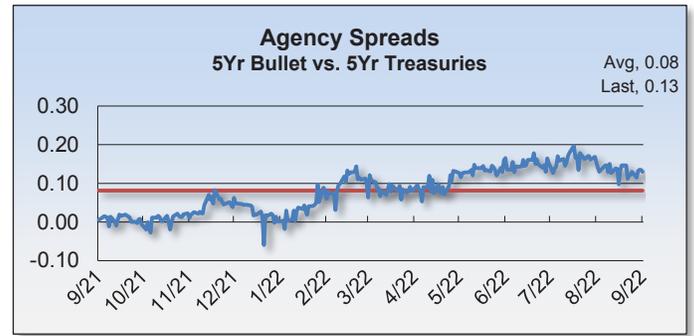
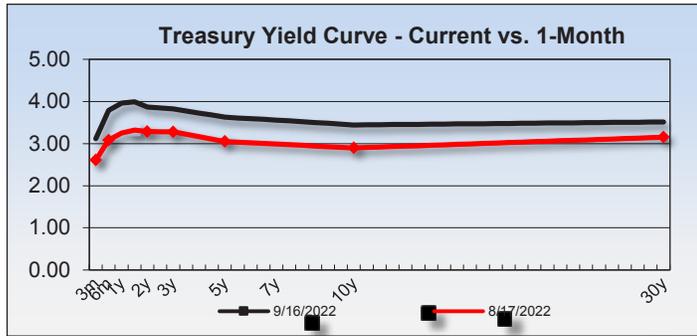
For now, the expectation is that the Fed will stay on task until they see actual, measurable and meaningful declines in inflation. The consensus is that we'll see another 75bps hike next week, and as always, the accompanying FOMC statement will be heavily scrutinized for any nuanced change in tone. Meanwhile, bond yields are fully priced for another 150bps of tightening and may just want to range trade while incoming data tells us how painful the tightening process truly is for the economy.

It's worth noting that we also got fresh retail sales data this week which showed no nominal change in the control group for the month. We also saw improved consumer sentiment data, but a slight uptick in jobless claims data. In addition to the FOMC meeting, next week will bring the latest housing market data as well as leading economic indicators.

### US 2yr Treasury Note Yield: 2003 — Today



Source: Bloomberg Finance L.P.



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	3.12	0.08	2.63	0.42	0.03	2yr	3.93	4.27	3.42	3.64	4.03	2Yr	3.84	3.84	3.84	-
6mo	3.79	0.24	3.09	0.81	0.05	3yr	3.90	4.02	3.43	3.65	3.99	3Yr	3.84	3.84	3.80	3.84
1yr	3.96	0.33	3.27	1.26	0.07	5yr	3.72	3.72	3.54	3.77	3.91	5Yr	3.73	3.73	3.72	3.66
2yr	3.87	0.31	3.26	1.94	0.22	7yr	3.70	3.60	3.70	3.93	4.06	7Yr	3.66	3.68	3.67	3.60
3yr	3.82	0.22	3.20	2.14	0.43	10yr	3.80	3.52	3.99	4.25	4.29	10Yr	3.57	3.63	3.62	3.56
5yr	3.63	0.19	2.95	2.18	0.84	15yr	3.91	3.51	4.52	4.81	4.48	October TBA MBS				
7yr	3.56	0.16	2.89	2.22	1.14	20yr	4.02	3.43	4.82	5.13	4.47	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	3.44	0.13	2.80	2.19	1.34	25yr	4.14	3.32	4.94	5.25	4.53	2.00	4.24	5.7y	4.27	
30yr	3.51	0.06	3.09	2.45	1.89	30yr	4.14	3.21	5.05	5.38	4.58	2.50	4.50	5.7y		
												3.00	4.49	5.7y	4.51	10.4y
												3.50	4.47	5.6y	4.61	10.2y
												4.00			4.73	9.6y
												4.50			4.90	8.4y

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	2.50	--	2.50	0.50	0.25
Primary Discount	2.50	--	2.50	0.25	0.25
2ndary Discount	3.00	--	3.00	0.75	0.75
Prime Rate	5.50	--	5.50	3.25	3.25
Sec. O.N. Finance	2.28	--	2.29	0.05	--
1 Month LIBOR	2.99	0.24	2.38	0.44	0.08
3 Month LIBOR	3.53	0.29	2.94	0.92	0.12
6 Month LIBOR	4.06	0.28	3.53	1.24	0.15
1 Year LIBOR	4.62	0.42	3.99	1.69	0.22
6 Month CD	4.24	0.42	3.51	1.40	0.13
1 Year CMT	4.00	0.40	3.23	1.28	0.07
REPO O/N	2.30	--	2.30	0.02	0.06
REPO 1Wk	2.87	0.52	2.44	0.33	0.13
CoF Federal	1.508	--	1.283	0.750	0.780
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	3.57	3.60	3.59
6mo	4.06	4.12	4.11
1yr	4.28	4.31	4.35
2yr	4.12	4.20	4.25
3yr	4.01	4.12	4.15
4yr	3.94	4.05	4.07
5yr	3.84	3.96	3.97
7yr	3.91	4.05	4.02
10yr	4.07	4.23	4.19
5yr Am	4.02		4.11
10yr Am	4.06		4.13

Fed Fund Futures	
Maturity	Rate
Sep-22	2.565
Oct-22	3.115
Nov-22	3.755
Dec-22	4.020
Jan-23	4.190
Feb-23	4.340
Mar-23	4.365
Apr-23	4.415
May-23	4.395
Jun-23	4.360
Jul-23	4.335

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
9/13	NFIB Small Business Optimism	Aug	90.8	91.8	89.9	--
9/13	CPI MoM	Aug	-0.1%	0.1%	0.0%	--
9/13	CPI YoY	Aug	8.1%	8.3%	8.5%	--
9/13	CPI Ex Food and Energy YoY	Aug	6.1%	6.3%	5.9%	--
9/13	CPI Index NSA	Aug	295.59	296.17	296.28	--
9/13	CPI Core Index SA	Aug	296.25	296.95	295.28	--
9/13	Real Avg Hourly Earning YoY	Aug	--	-2.8%	-3.0%	--
9/13	Real Avg Weekly Earnings YoY	Aug	--	-3.4%	-3.6%	--
9/13	Monthly Budget Statement	Aug	-\$217.0b	-\$219.6b	-\$170.6b	--
9/14	MBA Mortgage Applications	9/9	--	-1.2%	-0.8%	--
9/14	PPI Final Demand YoY	Aug	8.8%	8.7%	9.8%	--
9/14	PPI Ex Food and Energy YoY	Aug	7.0%	7.3%	7.6%	7.7%
9/14	PPI Ex Food, Energy, Trade YoY	Aug	5.5%	5.6%	5.8%	--
9/15	Initial Jobless Claims	9/10	227k	213k	222k	218k
9/15	Continuing Claims	9/3	1478k	1403k	1473k	1401k
9/15	Empire Manufacturing	Sep	-12.9	-1.5	-31.3	--
9/15	Retail Sales Ex Auto and Gas	Aug	0.5%	0.3%	0.7%	0.3%
9/15	Retail Sales Control Group	Aug	0.5%	0.0%	0.8%	0.4%
9/15	Philadelphia Fed Business Outlook	Sep	2.3	-9.9	6.2	--
9/15	Import Price Index YoY	Aug	7.7%	7.8%	8.8%	8.7%
9/15	Export Price Index YoY	Aug	12.5%	10.8%	13.1%	12.9%
9/15	Capacity Utilization	Aug	80.2%	80.0%	80.3%	80.2%
9/15	Manufacturing (SIC) Production	Aug	-0.1%	0.1%	0.7%	0.6%
9/15	Business Inventories	Jul	0.6%	0.6%	1.4%	--
9/16	U. of Mich. Sentiment	Sep P	60.0	59.5	58.2	--
9/16	U. of Mich. Current Conditions	Sep P	59.4	58.9	58.6	--
9/16	U. of Mich. Expectations	Sep P	59.0	59.9	58.0	--
9/16	U. of Mich. 1 Yr Inflation	Sep P	4.6%	4.6%	4.8%	--
9/16	U. of Mich. 5-10 Yr Inflation	Sep P	2.9%	2.8%	2.9%	--
9/16	Net Long-term TIC Flows	Jul	--	--	\$121.8b	--
9/16	Total Net TIC Flows	Jul	--	--	\$22.1b	--
9/19	NAHB Housing Market Index	Sep	47.0	--	49.0	--
9/20	Building Permits	Aug	1610k	--	1674k	1685k
9/20	Building Permits MoM	Aug	-4.5%	--	-4.3%	-0.6%
9/20	Housing Starts	Aug	1450k	--	1446k	--
9/20	Housing Starts MoM	Aug	0.3%	--	-9.6%	--
9/21	Existing Home Sales	Aug	4.70m	--	4.81m	--
9/21	Existing Home Sales MoM	Aug	-2.3%	--	-5.9%	--
9/21	FOMC Rate Decision (Lower Bound)	9/21	3.0%	--	2.3%	--
9/21	FOMC Rate Decision (Upper Bound)	9/21	3.3%	--	2.5%	--
9/21	Interest on Reserve Balances Rate	9/22	3.2%	--	2.4%	--
9/22	Current Account Balance	2Q	-\$259.0b	--	-\$291.4b	--
9/22	Leading Index	Aug	0.0%	--	-0.4%	--
9/22	Kansas City Fed Manf. Activity	Sep	5.0	--	3.0	--
9/23	S&P Global US Manufacturing PMI	Sep P	51.3	--	51.5	--
9/23	S&P Global US Services PMI	Sep P	45.5	--	43.7	--
9/23	S&P Global US Composite PMI	Sep P	46.0	--	44.6	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	9.2	14.6	15.7	17.2	16.8	19.8
FH/FN 15y	7.5	8.3	9.5	13.7	16.5	16.5
GN 15y	16.5	12.8	14.9	17.3	19.6	20.4
FH/FN 20y	52.7	7.8	9.7	10.8	12.2	13.7
FH/FN 30y	2.1	5.9	10.2	9.0	11.5	11.8
GN 30y	3.8	7.6	13.7	14.8	11.2	12.9
CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	12.0	14.2	14.8	15.2	15.9	15.5
FH/FN 15y	8.9	7.9	8.1	8.8	13.8	15.3
GN 15y	8.3	8.4	8.8	9.2	10.1	10.8
FH/FN 20y	52.5	6.1	7.0	8.0	9.3	10.4
FH/FN 30y	5.9	5.7	6.1	6.3	7.5	9.4
GN 30y	5.0	6.1	7.6	7.7	8.4	10.7

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	143.03	0.56	134.22	118.73	109.73
Euro	1.00	(0.00)	1.02	1.10	1.18
Dollar Index	109.78	0.78	106.50	98.62	92.93
<b>Major Stock Indices</b>					
Dow Jones	30,598	(1,553)	34,152	34,063	34,751
S&P 500	3,839.0	(228.3)	4,305.2	4,357.9	4,473.8
NASDAQ	11,352.0	(760)	13,102.6	13,436.6	15,181.9
<b>Commodities</b>					
Gold	1,670.8	(48.0)	1,779.4	1,909.2	1,754.6
Crude Oil	85.34	(1.45)	86.53	95.04	72.61
Natural Gas	7.87	(0.13)	9.33	4.75	5.34
Wheat	850.8	-18.8	786.0	1,069.3	713.0
Corn	674.8	-10.3	611.0	730.0	529.5

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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