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UPCOMING EVENTS

Banks

Seminar:

West Des Moines, IA

Jun 12, 2023

Bismarck, ND

Jul 25, 2023

Springfield, IL

Aug 7, 2023

Stevens Point, WI

Aug 29, 2023

Oklahoma City, OK

Oct 18-20, 2023

Credit Unions

CU Seminar:

Minneapolis, MN

Mar 21, 2023

Dallas, TX

Nov 9, 2023

CU School:

CU Bond School

Apr 26-27, 2023

Save the Date:

Philadelphia, PA

Sep 27, 2023

CU ALM School

Aug 23-24, 2023

Bank and Credit Unions

Schools:

ALM School

Aug 8-9, 2023

Bond School

May 10-11, 2023

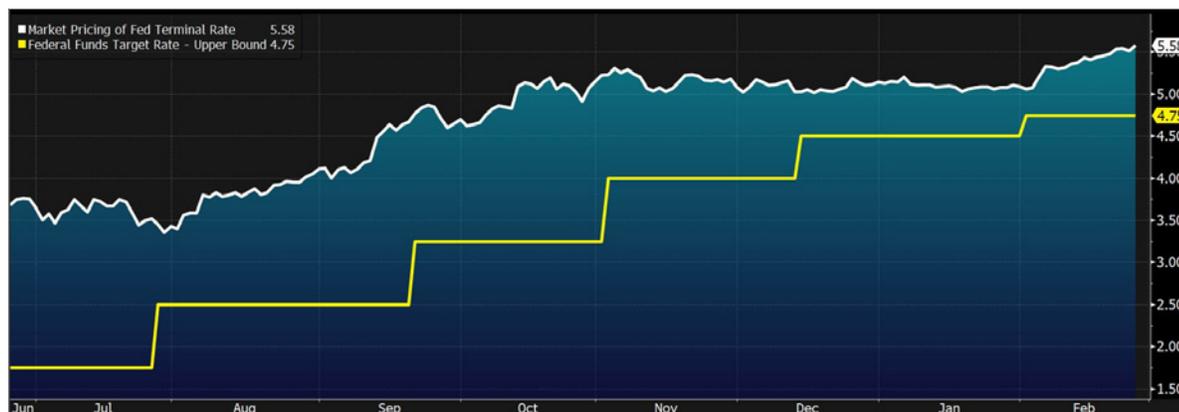
For a week of celebration with George Washington's Birthday and Fat Tuesday's Mardi Gras, the financial markets did not receive the memo! As of Friday morning, both stocks and bonds are in the red with the S&P 500 on pace to close the week off more than 3% and the Nasdaq down approximately 4.25%. It's a similar story in the bonds as yields are higher and prices lower. The bellwether 10yr UST T-Note yield started the week 3.82% and is currently just shy of 4% today. Looking at the short and long end of the curve, we saw more inversion as the 2Yr yield increased from 4.62% to 4.8% today, up 18 basis points. The long bond (30Yr) is up only 5 basis points from 3.87% to 3.92%. Looking at the 2 vs 10s spread it is currently a negative 84 basis points. In other markets such as currencies, the US dollar has seen a decent rebound recently, now being up four consecutive weeks of gains. The DXY which tracks the dollar against trade-weighted currencies is trading above 105 after trading in the mid 103's last week. The oil market was largely unchanged for the week with West Texas Intermediate (WTI) trading a little less than \$75 a barrel on Tuesday and today just above \$76. To give some perspective on energy prices, looking at the one-year anniversary of Russia's invasion of Ukraine, oil prices are approximately 15% lower year-over-year.

With a shortened holiday week, there was a decent amount of economic data. On Tuesday, S&P issued their Purchasing Manager's Index for both Services and Manufacturing. Both components surprised on the upside with the composite coming in at 50.2 vs a 47.5 projection. This level represents an eight month high after seven consecutive months of declines. On Wednesday Federal Open Market Committee (FOMC) released their meeting minutes from February 1st. The officials saw that slowing inflation could support a peak in the federal-funds rate this year and continued to emphasize their data dependent outlook for future meetings. On Thursday the Bureau of Economic Analysis (BEA) updated the estimate of four quarter GDP with a lower 2.7% quarter-over-quarter growth, from 2.9% previously. Another key piece of data from the BEA release was the Fed's preferred measure of inflation, the Personal Consumption Expenditures (PCE) deflator. This measurement uses the personal income/outlays reflects changes in the prices of goods and services purchased by US consumers. The PCE year-over-year came in at 5.4% with only a 5.0% estimate. Both the headline and core readings were hotter than expected and will give little comfort to the fed as they look for continuing signs that inflation is moving towards their target of 2%.

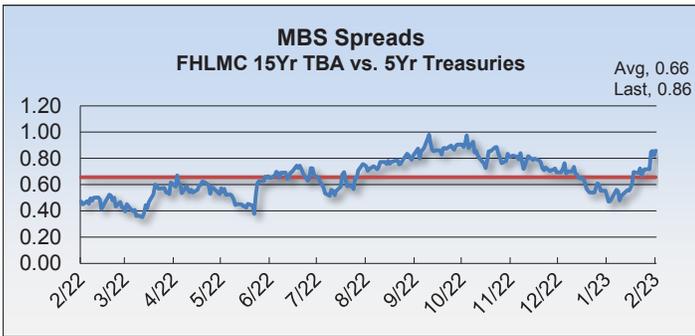
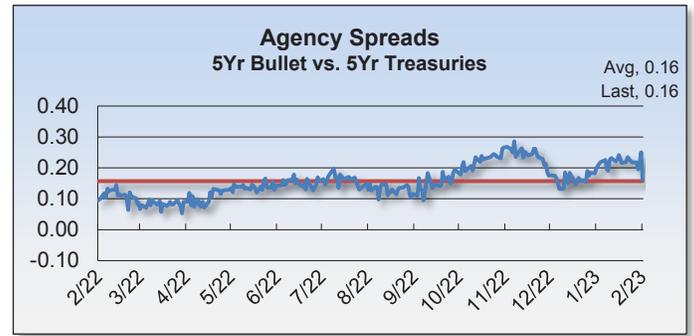
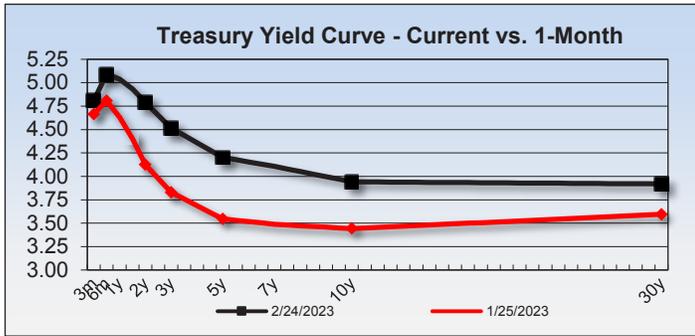
Turning to next week, on Monday we'll get durable goods orders which are likely to have plunged in January given the volatility in aircraft orders. The core orders are expected to remain flat or slightly lower as more investment weakness will occur due to the higher interest rate environment. On Wednesday, the Institute of Supply Change Management (ISM) will release their manufacturing index, most forecasts are for a slight increase to 47.8 from 47.4 an improvement but still in contractionary territory. And on Friday, the ISM will follow up with Services PMI index which is expected slow down from 55.2 to 54.5 which is consistent with slower GDP growth.

Laissez les bons temps rouler! Let the Good Times Roll!

Fed Terminal Rate Pricing



Source: Bloomberg, 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 ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr
3mo	4.81	0.01	4.68	2.76	0.31	2yr	4.90	5.12	4.16	4.43	5.00	2Yr	5.57	5.57	5.57	-
6mo	5.09	0.08	4.85	3.22	0.66	3yr	4.52	4.71	3.89	4.14	4.85	3Yr	5.29	5.30	5.20	5.29
1yr	5.04	0.04	4.67	3.33	1.08	5yr	4.27	4.27	3.65	3.89	4.55	5Yr	5.07	5.07	5.06	5.00
2yr	4.79	0.17	4.21	3.39	1.58	7yr	4.23	4.07	3.54	3.77	4.55	7Yr	4.98	5.01	5.00	4.93
3yr	4.51	0.20	3.86	3.39	1.68	10yr	4.27	3.93	3.63	3.86	4.58	10Yr	4.87	4.92	4.92	4.85
5yr	4.20	0.17	3.58	3.23	1.86	15yr	4.31	3.86	4.49	4.78	4.71	March TBA MBS				
7yr	4.11	0.16	3.52	3.20	1.95	20yr	4.35	3.77	4.73	5.04	4.77	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	3.94	0.12	3.45	3.11	1.97	25yr	4.39	3.64	4.86	5.17	4.83	2.00	4.65	5.7y	4.57	
30yr	3.92	0.05	3.61	3.31	2.28	30yr		3.51	4.98	5.30	4.88	2.50	4.93	5.7y		
												3.00	5.01	5.7y	4.80	10.5y
												3.50	4.84	5.8y	4.89	10.4y
												4.00			4.99	10.2y
												4.50			5.14	9.8y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	4.75	--	4.50	2.50	0.25
Primary Discount	4.75	--	4.50	2.50	0.25
2ndary Discount	5.25	--	5.00	3.00	0.75
Prime Rate	7.75	--	7.50	5.50	3.25
Sec. O.N. Finance	4.55	--	4.30	2.27	--
1 Month LIBOR	4.60	0.00	4.51	2.43	0.18
3 Month LIBOR	4.93	0.05	4.82	2.98	0.49
6 Month LIBOR	5.27	0.09	5.10	3.57	0.78
1 Year LIBOR	5.62	0.04	5.35	4.03	1.29
6 Month CD	5.23	0.07	4.96	3.50	0.84
1 Year CMT	5.03	0.04	4.70	3.29	1.16
REPO O/N	4.57	(0.01)	4.32	2.30	0.05
REPO 1Wk	4.61	(0.03)	4.44	2.39	0.12
CoF Federal	2.998	--	2.794	1.508	0.750
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.01	5.11	5.06
6mo	5.24	5.29	5.28
1yr	5.34	5.39	5.43
2yr	5.01	5.11	5.09
3yr	4.70	4.81	4.78
4yr	4.51	4.63	4.60
5yr	4.40	4.52	4.50
7yr	4.50	4.61	4.61
10yr	4.55	4.68	4.66
5yr Am	4.71		4.73
10yr Am	4.61		4.67

Fed Fund Futures	
Maturity	Rate
Feb-23	4.573
Mar-23	4.675
Apr-23	4.905
May-23	5.155
Jun-23	5.270
Jul-23	5.355
Aug-23	5.400
Sep-23	5.395
Oct-23	5.395
Nov-23	5.345
Dec-23	5.290

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
2/21	Philadelphia Fed Non-Manufacturing Ad	Feb	--	3.2	-6.5	--
2/21	S&P Global US Manufacturing PMI	Feb P	47.2	47.8	46.9	--
2/21	S&P Global US Services PMI	Feb P	47.3	50.5	46.8	--
2/21	S&P Global US Composite PMI	Feb P	47.5	50.2	46.8	--
2/21	Existing Home Sales	Jan	4.10m	4.00m	4.02m	4.03m
2/22	MBA Mortgage Applications	2/17	--	-13.3%	-7.7%	--
2/23	Chicago Fed Nat Activity Index	Jan	-25.0%	23.0%	49.0%	-46.0%
2/23	GDP Annualized QoQ	4Q S	2.9%	2.7%	2.9%	--
2/23	Personal Consumption	4Q S	2.0%	1.4%	2.1%	--
2/23	GDP Price Index	4Q S	3.5%	3.9%	3.5%	--
2/23	Core PCE QoQ	4Q S	3.9%	4.3%	3.9%	--
2/23	Initial Jobless Claims	2/18	200k	192k	194k	195k
2/23	Continuing Claims	2/11	1700k	1654k	1696k	1691k
2/24	Personal Income	Jan	1.0%	0.6%	0.2%	0.3%
2/24	Personal Spending	Jan	1.4%	1.8%	0.2%	-0.1%
2/24	Real Personal Spending	Jan	1.1%	1.1%	-0.3%	--
2/24	PCE Deflator MoM	Jan	0.5%	0.6%	0.4%	0.2%
2/24	PCE Deflator YoY	Jan	5.0%	5.4%	5.0%	5.3%
2/24	PCE Core Deflator MoM	Jan	0.4%	0.6%	0.3%	0.4%
2/24	PCE Core Deflator YoY	Jan	4.3%	4.7%	4.4%	4.6%
2/24	New Home Sales	Jan	620k	670k	616k	625k
2/24	U. of Mich. Sentiment	Feb F	66.4	67.0	66.4	--
2/24	U. of Mich. Current Conditions	Feb F	72.7	70.7	72.6	--
2/24	U. of Mich. Expectations	Feb F	62.5	64.7	62.3	--
2/24	U. of Mich. 1 Yr Inflation	Feb F	4.2%	4.1%	4.2%	--
2/24	U. of Mich. 5-10 Yr Inflation	Feb F	2.9%	2.9%	2.9%	--
2/27	Durables Ex Transportation	Jan P	0.1%	--	-0.2%	--
2/27	Cap Goods Ship Nondef Ex Air	Jan P	--	--	-0.6%	--
2/27	Pending Home Sales NSA YoY	Jan	--	--	-34.3%	--
2/28	Advance Goods Trade Balance	Jan	-\$91.0b	--	-\$90.3b	-\$89.7b
2/28	House Price Purchase Index QoQ	4Q	--	--	0.1%	--
2/28	S&P CoreLogic CS 20-City YoY NSA	Dec	--	--	6.77%	--
2/28	S&P CoreLogic CS US HPI YoY NSA	Dec	--	--	7.69%	--
2/28	MNI Chicago PMI	Feb	45.0	--	44.3	--
2/28	Conf. Board Consumer Confidence	Feb	108.4	--	107.1	--
2/28	Conf. Board Present Situation	Feb	--	--	150.9	--
2/28	Conf. Board Expectations	Feb	--	--	77.8	--
3/1	ISM Manufacturing	Feb	47.8	--	47.4	--
3/1	ISM Prices Paid	Feb	--	--	44.5	--
3/1	ISM Employment	Feb	--	--	50.6	--
3/1	ISM New Orders	Feb	--	--	42.5	--
3/2	Nonfarm Productivity	4Q F	2.5%	--	3.0%	--
3/2	Unit Labor Costs	4Q F	1.6%	--	1.1%	--
3/3	ISM Services Index	Feb	54.5	--	55.2	--
3/3	ISM Services Prices Paid	Feb	--	--	67.8	--
3/3	ISM Services Employment	Feb	--	--	50.0	--
3/3	ISM Services New Orders	Feb	--	--	60.4	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	6.8	11.3	12.5	12.9	11.0	12.6
FH/FN 15y	5.6	5.3	6.4	8.2	13.2	16.6
GN 15y	5.0	11.9	12.3	13.9	17.6	19.6
FH/FN 20y	51.5	4.8	5.9	6.5	7.6	9.3
FH/FN 30y	7.9	3.4	3.7	4.7	5.5	7.2
GN 30y	1.7	4.7	8.3	7.0	5.7	6.7
CPR Projections						
Type	2.0	2.5	3.0	3.5	4.0	4.5
FN 10y	10.9	14.3	14.6	14.5	13.4	10.7
FH/FN 15y	8.1	6.9	7.2	7.3	13.7	15.0
GN 15y	10.2	9.2	9.5	12.2	12.6	13.2
FH/FN 20y	5.3	6.0	6.6	7.1	7.7	8.6
FH/FN 30y	5.6	5.5	5.7	6.0	6.6	7.4
GN 30y	5.4	6.2	6.9	7.0	8.6	8.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	136.24	2.09	130.17	137.12	115.53
Euro	1.06	(0.01)	1.09	1.00	1.12
Dollar Index	105.24	1.38	101.92	108.68	97.14
Major Stock Indices					
Dow Jones	32,728	(969)	33,734	32,969	33,224
S&P 500	3,954.5	(135.9)	4,017.0	4,140.8	4,288.7
NASDAQ	11,365.7	(490)	11,334.3	12,431.5	13,473.6
Commodities					
Gold	1,818.0	(16.2)	1,928.6	1,746.8	1,909.2
Crude Oil	74.44	(4.05)	80.13	94.89	92.81
Natural Gas	2.40	0.01	3.26	9.33	4.57
Wheat	714.3	-50.8	734.5	795.0	926.0
Corn	652.3	-23.8	677.0	665.8	695.0

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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