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UPCOMING EVENTS

Banks

Seminar:

Bismarck, ND
Jul 25, 2023

Springfield, IL
Aug 7, 2023

Stevens Point, WI
Aug 29, 2023

Oklahoma City, OK
Oct 18-20, 2023

Webinar:

Q3 Strategies Webinar
Jul 12, 2023

Credit Unions

CU Seminar:

Philadelphia, PA
Sep 27, 2023

Dallas, TX
Nov 9, 2023

CU Webinar:

Q3 CU Strategies Webinar
Jul 13, 2023

CU School:

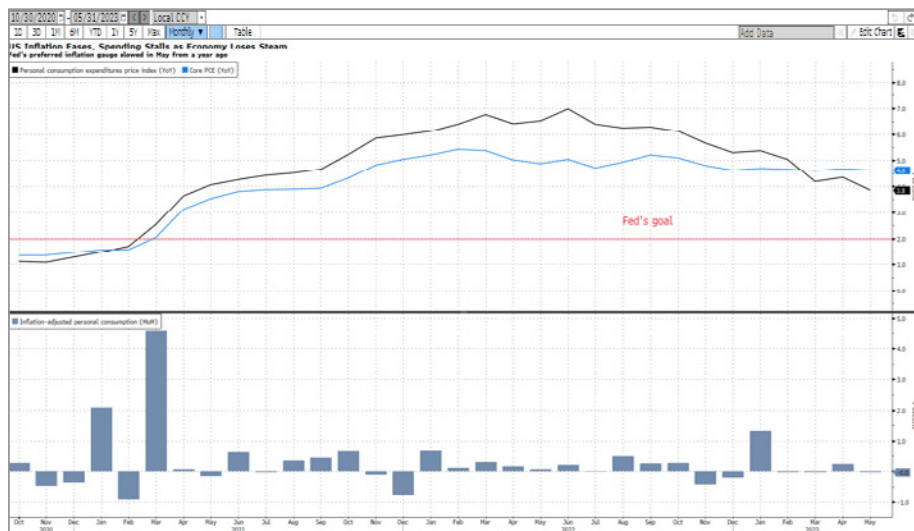
CU ALM School
Aug 23-24, 2023

- Bank & Credit Unions -

ALM School
Aug 8-9, 2023

The last week of June had all the makings for extreme volatility but managed to stay relatively calm to end the quarter, despite an attempted coup in Russia over the weekend and comments from Fed Chair Jerome Powell that all but promised more rate hikes are to come. Markets stayed mostly sideways this week, torn between embracing the occasional signs of resilience we keep seeing from the US economy and fearing those signs of resilience will embolden the central bank's tightening resolve. After a week of somewhat mixed data, we are ending the week with rates marginally higher from where we started. The 2yr UST up ~10bps to 4.85% and the 10yr UST is up ~10bps to 3.82% at the time of this writing.

This morning we got the all-important PCE and Personal Income and Spending readings, which showed that inflation cooled in May and consumer spending stagnated, which suggests the economy may be starting to lose steam. The PCE Deflator, which is the Fed's preferred measure of inflation, rose as expected, up +0.1% MoM and +3.8% YoY. This marks the lowest annual rate of inflation since April 2021 and is down materially since peaking at +7.0% in June 2022. Personal income rose a bit more than expected, up +0.4% in May vs. +0.3% survey while spending rose slightly less than expected, up just +0.1% vs. +0.2% survey. April spending was also revised lower by -0.2%.



Source: Bloomberg, L.P.

Yesterday, we saw jobless claims post their biggest drop in 20 months. Claims for unemployment benefits fell to 239k for the week ended 6/24/23, much lower than expectations of 265k. However, it bears mentioning that the week was shortened by the Juneteenth holiday. Despite the drop in claims, demand for labor has been steadily easing. Chair Powell said this week that the labor market has been cooling in the way the central bank would have hoped, which if maintained, could curb future job losses. Continuing claims, which captures those who have received unemployment benefits for more than a week, also dropped to 1.7 million.

(Continued)



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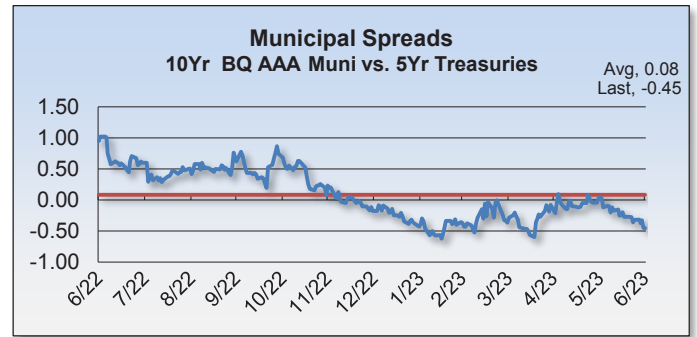
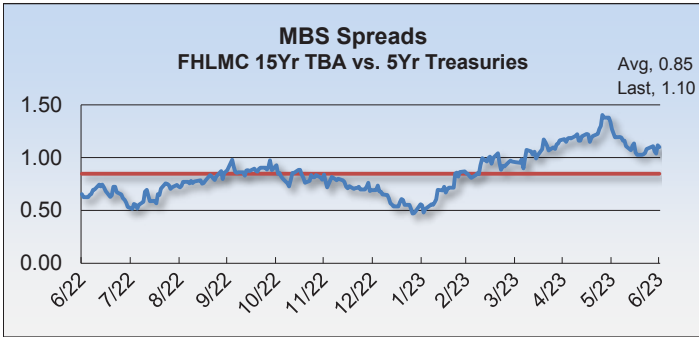
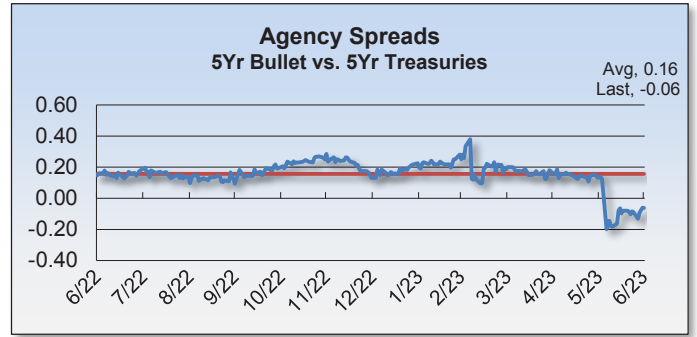
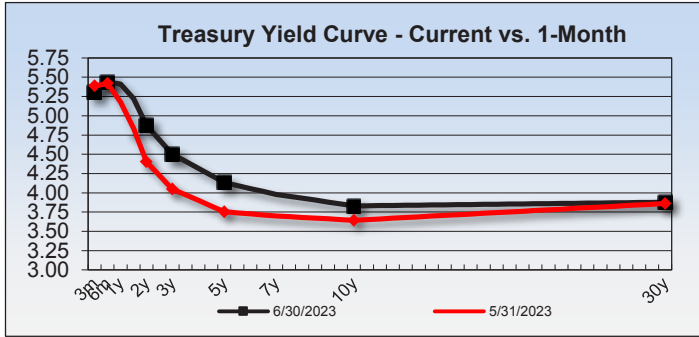
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On Wednesday, we got the final reading of Q1 GDP, which showed the US economy grew at a +2% annualized rate in the first quarter, up from the previous estimate of +1.3%. We also heard from world's four most powerful central bankers on their final policy push to rein in inflation. Powell said this week that he, "wouldn't take...moving at consecutive meetings off the table at all," and noted "the committee clearly believes that there's more work to do, that there are more rate hikes that are likely to be appropriate". This has been sobering to markets, which until recently were defiantly convinced that rate hikes would turn to cuts before the end of the year. Now, we have a little over half of the market expecting rates to be a quarter-point higher at year end and nearly a third expecting them to be a half-point higher, according to the CME FedWatch Tool.

Tuesday brought a wave of buoyant economic releases showing consumer confidence surging past last month's reading, a big pick up in goods orders, and continued evidence of a rebounding housing market. Consumer confidence surprised at 109.7 for the month of June, up from 104 survey and 102.3 in the prior month. Durable goods orders also jumped, up +1.7% in May vs. -0.9% survey, marking the third straight month of increases. The FHFA House Price Index showed home prices rose in April, up +0.7% MoM and the S&P Case-Shiller Index also showed prices up +0.5% MoM in April, and now just 2.4% below their June 2022 peak.

Next week, will be a short one with fourth of July falling on Tuesday and markets likely to be quiet on the Monday ahead of the holiday. But we'll have to snap back quickly from holiday mode as next week is also employment week. The ADP And JOLTs numbers are due out on Thursday and Nonfarm Payrolls come out Friday morning. Happy fourth to all! May your fireworks be bright, your drinks cold, and your heat dome receding!



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	5.30	0.01	5.40	4.37	1.67	2yr	5.00	5.09	4.10	4.37	4.97	2Yr	5.64	5.64	5.64	-
6mo	5.44	0.04	5.44	4.76	2.49	3yr	4.58	4.66	3.92	4.17	4.79	3Yr	5.27	5.28	5.20	5.27
1yr	5.41	0.16	5.18	4.71	2.78	5yr	4.24	4.21	3.67	3.90	4.44	5Yr	4.99	4.99	4.98	4.92
2yr	4.88	0.13	4.40	4.43	2.96	7yr	4.17	4.00	3.56	3.78	4.52	7Yr	4.85	4.87	4.86	4.80
3yr	4.50	0.17	4.05	4.23	2.98	10yr	4.12	3.86	3.58	3.81	4.55	10Yr	4.76	4.81	4.80	4.74
5yr	4.13	0.14	3.76	4.00	3.04	15yr	4.08	3.80	4.33	4.60	4.75	July TBA MBS				
7yr	3.98	0.11	3.71	3.97	3.07	20yr	4.03	3.74	4.58	4.87	4.94	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	3.83	0.10	3.65	3.88	3.02	25yr	3.98	3.62	4.73	5.04	5.00	2.50	5.08	5.5y	4.66	
30yr	3.88	0.06	3.86	3.97	3.18	30yr	3.51	3.51	4.89	5.20	5.05	3.00	5.07	5.7y		
												3.50	4.90	5.6y	4.89	10.2y
												4.00	4.89	5.5y	4.98	10.0y
												4.50			5.15	9.7y
												5.00			5.37	9.0y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.25	--	5.25	4.50	1.75
Primary Discount	5.25	--	5.25	4.50	1.75
2ndary Discount	5.75	--	5.75	5.00	2.25
Prime Rate	8.25	--	8.25	7.50	4.75
Sec. O.N. Finance	5.06	0.01	5.06	4.30	--
1 Month LIBOR	5.19	0.05	5.15	4.38	1.67
3 Month LIBOR	5.54	(0.00)	5.48	4.73	2.25
6 Month LIBOR	5.73	0.05	5.58	5.15	2.88
1 Year LIBOR	5.94	0.04	5.66	5.47	3.61
6 Month CD	5.74	0.07	5.61	5.21	3.11
1 Year CMT	5.41	0.12	5.25	4.71	2.88
REPO O/N	5.13	0.03	5.17	4.34	1.54
REPO 1Wk	5.18	0.07	5.14	4.44	1.75
CoF Federal	3.460	--	3.302	2.568	1.096
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.45	5.53	5.49
6mo	5.61	5.65	5.67
1yr	5.52	5.56	5.71
2yr	5.03	5.12	5.14
3yr	4.66	4.73	4.72
4yr	4.48	4.57	4.54
5yr	4.31	4.39	4.35
7yr	4.39	4.48	4.43
10yr	4.45	4.58	4.51
5yr Am	4.15		4.72
10yr Am	4.21		4.62

Fed Fund Futures	
Maturity	Rate
Jun-23	5.078
Jul-23	5.105
Aug-23	5.280
Sep-23	5.300
Oct-23	5.340
Nov-23	5.405
Dec-23	5.390
Jan-24	5.375
Feb-24	5.285
Mar-24	5.240
Apr-24	5.160

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/27	Durables Ex Transportation	May P	0.0%	0.6%	-0.3%	-0.6%
6/27	Cap Goods Ship Nondef Ex Air	May P	0.2%	0.2%	0.5%	0.4%
6/27	S&P CoreLogic CS 20-City YoY NSA	Apr	-2.40%	-1.70%	-1.15%	-1.12%
6/27	S&P CoreLogic CS US HPI YoY NSA	Apr	--	-0.24%	0.66%	0.69%
6/27	New Home Sales	May	676k	763k	683k	680k
6/27	Conf. Board Consumer Confidence	Jun	104.0	109.7	102.3	102.5
6/27	Conf. Board Present Situation	Jun	--	155.3	148.6	148.9
6/27	Conf. Board Expectations	Jun	--	79.3	71.5	--
6/28	MBA Mortgage Applications	6/23	--	3.0%	0.5%	--
6/28	Advance Goods Trade Balance	May	-\$93.7b	-\$91.1b	-\$96.8b	--
6/29	GDP Annualized QoQ	1Q T	1.4%	2.0%	1.3%	--
6/29	Personal Consumption	1Q T	3.8%	4.2%	3.8%	--
6/29	GDP Price Index	1Q T	4.2%	4.1%	4.2%	--
6/29	Core PCE QoQ	1Q T	5.0%	4.9%	5.0%	--
6/29	Initial Jobless Claims	6/24	265k	239k	264k	265k
6/29	Continuing Claims	6/17	1765k	1742k	1759k	1761k
6/29	Pending Home Sales NSA YoY	May	-20.5%	-20.8%	-22.6%	-22.8%
6/30	Real Personal Spending	May	0.1%	0.0%	0.5%	0.2%
6/30	PCE Deflator YoY	May	3.8%	3.8%	4.4%	4.3%
6/30	PCE Core Deflator YoY	May	4.7%	4.6%	4.7%	--
6/30	MNI Chicago PMI	Jun	43.8	41.5	40.4	--
6/30	U. of Mich. Sentiment	Jun F	63.9	64.4	63.9	--
6/30	U. of Mich. Current Conditions	Jun F	68.0	69.0	68.0	--
6/30	U. of Mich. 1 Yr Inflation	Jun F	3.3%	3.3%	3.3%	--
7/3	S&P Global US Manufacturing PMI	Jun F	--	--	46.3	--
7/3	ISM Manufacturing	Jun	47.3	--	46.9	--
7/3	ISM Prices Paid	Jun	44.0	--	44.2	--
7/3	ISM Employment	Jun	--	--	51.4	--
7/3	ISM New Orders	Jun	--	--	42.6	--
7/6	Challenger Job Cuts YoY	Jun	--	--	2.9	--
7/6	ADP Employment Change	Jun	250k	--	278k	--
7/6	S&P Global US Services PMI	Jun F	--	--	54.1	--
7/6	S&P Global US Composite PMI	Jun F	--	--	53.0	--
7/6	JOLTS Job Openings	May	10000k	--	10103k	--
7/6	ISM Services Index	Jun	51.3	--	50.3	--
7/6	ISM Services Prices Paid	Jun	--	--	56.2	--
7/6	ISM Services Employment	Jun	--	--	49.2	--
7/6	ISM Services New Orders	Jun	--	--	52.9	--
7/7	Two-Month Payroll Net Revision	Jun	--	--	--	--
7/7	Change in Nonfarm Payrolls	Jun	225k	--	339k	--
7/7	Change in Private Payrolls	Jun	193k	--	283k	--
7/7	Change in Manufact. Payrolls	Jun	5k	--	-2k	--
7/7	Unemployment Rate	Jun	3.6%	--	3.7%	--
7/7	Average Hourly Earnings YoY	Jun	4.2%	--	4.3%	--
7/7	Average Weekly Hours All Employees	Jun	34.3	--	34.3	--
7/7	Labor Force Participation Rate	Jun	--	--	62.6%	--
7/7	Underemployment Rate	Jun	--	--	6.7%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	12.5	14.1	13.3	13.9	15.1	16.3
FH/FN 15y	6.8	7.4	8.6	14.1	16.6	25.1
GN 15y	12.9	14.2	17.2	19.9	22.3	29.6
FH/FN 20y	5.2	6.8	7.7	8.3	9.8	13.1
FH/FN 30y	3.9	6.4	5.8	6.5	6.9	8.7
GN 30y	4.8	7.5	7.0	5.0	7.0	7.8
CPR Projections						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	12.5	12.5	12.6	12.2	10.1	10.8
FH/FN 15y	7.8	6.7	7.5	11.8	13.7	14.6
GN 15y	9.1	9.4	11.0	11.6	13.3	13.5
FH/FN 20y	6.4	6.5	6.5	7.9	8.9	10.3
FH/FN 30y	5.4	5.7	5.9	6.5	7.4	8.4
GN 30y	6.4	6.7	7.2	8.5	9.5	7.0

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	144.34	0.64	139.34	130.80	135.72
Euro	1.09	0.00	1.07	1.07	1.05
Dollar Index	102.85	(0.06)	104.33	103.52	104.69
Major Stock Indices					
Dow Jones	34,393	665	32,908	33,147	30,775
S&P 500	4,440.8	92.4	4,179.8	3,839.5	3,785.4
NASDAQ	13,786.3	294	12,935.3	10,466.5	11,028.7
Commodities					
Gold	1,920.1	1.0	1,963.9	1,826.2	1,807.3
Crude Oil	70.37	1.21	68.09	80.26	105.76
Natural Gas	2.73	0.00	2.27	4.48	5.42
Wheat	656.8	-76.5	594.3	792.0	868.8
Corn	590.5	-40.3	594.0	678.5	743.8

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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