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UPCOMING EVENTS

Banks

Seminar:

[Findlay, OH](#)
Oct 4, 2023

[Oklahoma City, OK](#)
Oct 18-20, 2023

[Minneapolis, MN](#)
Dec 5, 2023

Webinar:

[Q4 Bank Strategies](#)
Oct 11, 2023

[Bank Trends for Q3](#)
Nov 15, 2023

Credit Unions

CU Seminar:

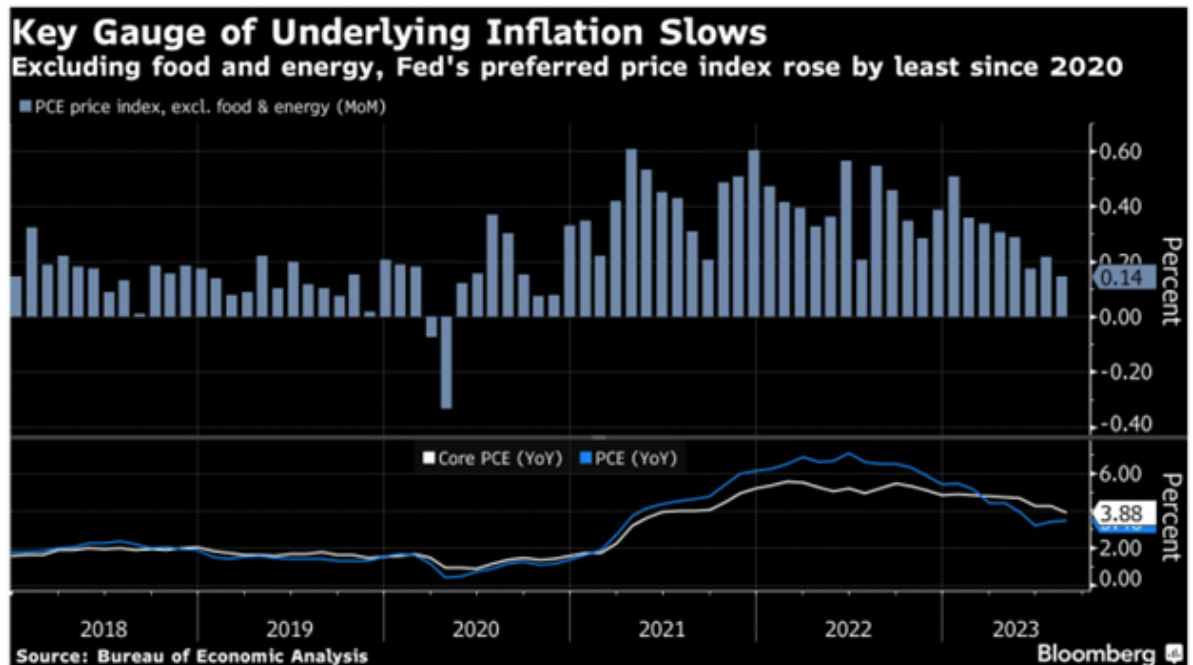
[Dallas, TX](#)
Nov 9, 2023

CU Webinar:

[Q4 CU Strategies](#)
Oct 12, 2023

September quarter-end may hit with a quite a bang this year as a government shutdown seems imminent with lawmakers nowhere near a deal and government funding set to run out at the end of the day on September 30th. While the government will continue to make payments on Treasury bonds and other forms of debt during a shutdown, it still adds a degree of uncertainty to an already uneasy market. Bond yields moved around quite a lot this week and are ending the week lower, with the 2yr hovering around 5% and the 10yr around 4.5% as of this writing.

The week's most closely watched economic data was the Personal Consumption Expenditures (PCE) reading released just this morning as it is the Fed's preferred measure of underlying inflation. Headline PCE came in as expected at 3.5% and Core PCE, which excludes the volatile food and energy components, rose at the slowest monthly pace since late 2020. This is also the first time in more than two years that the Core PCE reading has come in under 4%. To be sure, it is still higher than desired but does help lay some groundwork for the Fed to forgo an interest-rate hike at their next meeting in November.



A lesser covered, albeit more comprehensive measure of inflation, the GDP Price Index, was also released this week and came in well below expectations. Unlike CPI and PCE, which measure the change in a basket of goods and services purchased by consumers, the GDP Price Index measures the change in a basket of goods and services produced and so is able to capture business and government consumption as well as consumer. The reading for the second quarter was revised down to 1.7%, suggesting overall inflation is already below the Fed's 2% target even if consumer inflation remains stickier.

On the housing front, both new home sales and pending home sales undershot expectations for the month of August. New home sales fell -8.7% to a five-month low of 675k annualized pace, marking the largest drop in nearly a year as persistently high prices and elevated mortgage rates continue to

(Continued)



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pressure would-be-buyers. New homes sales have been much more resilient than existing home sales this cycle as they are not plagued by the same supply constraints brought on by existing homeowners' reluctance to give up their low mortgage rates. Builders have been offering incentives but those can only partially offset the pervasive affordability challenges prospective buyers face.

Pending home sales fell a whopping -7.1% in August vs. -1.0% expected to the lowest level since the pandemic shutdown days of April 2020. Mortgage rates, which recently surged to a 23-year high, continue to inhibit demand. High mortgage rates compared with high home prices are resulting in one of the most unaffordable housing markets ever and all but freezing an important sector of the US economy. Increased inventory and more accommodative mortgage rates will be necessary to restore housing to a healthy functioning market but those may remain elusive while fighting inflation remains the Fed's focus.

Next week we start the quarter with a smattering of all-important jobs data. Last month, the jobs data showed the labor market softening in an orderly, manageable fashion. This month is expected to show continued moderation but any surprise to the up or downside will most certainly move markets.

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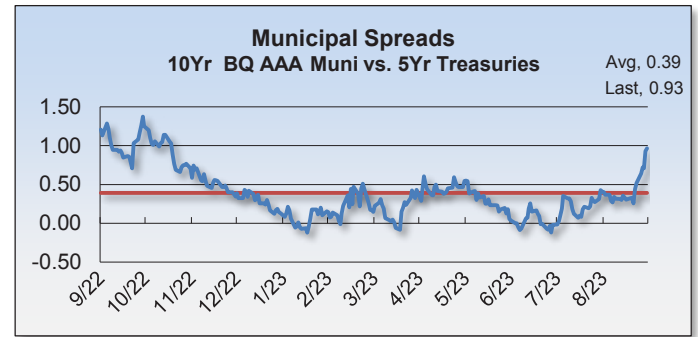
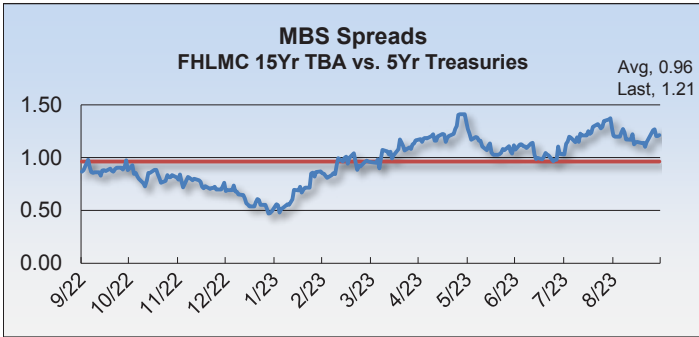
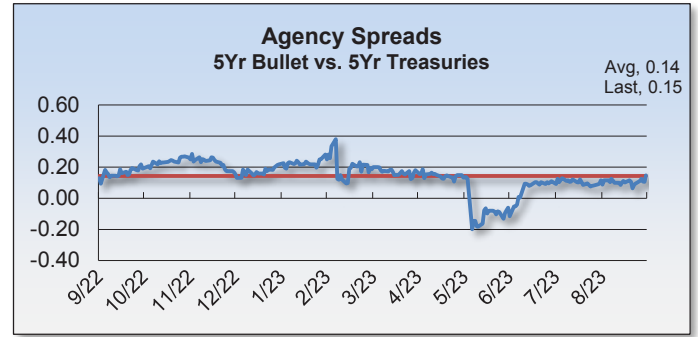
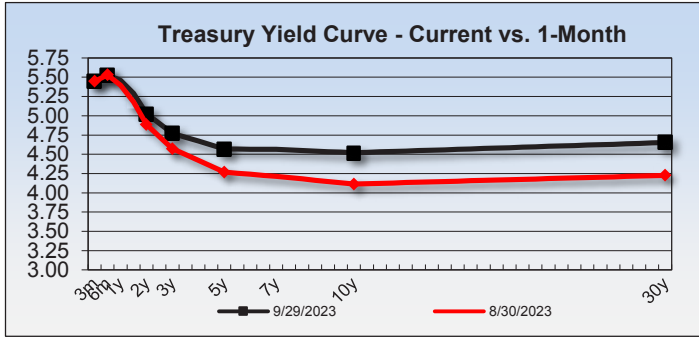
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Treasury Market -- Historical						Fixed Rate Market										
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Mty	Agency Calls - Euro			
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³			3Mo	6mo	1Yr	2Yr
3mo	5.45	(0.03)	5.45	4.75	3.30	2yr	5.16	4.96	5.15	5.48	5.24	2Yr	5.84	5.84	5.84	-
6mo	5.53	(0.01)	5.54	4.85	3.89	3yr	4.88	4.63	4.96	5.27	5.14	3Yr	5.59	5.59	5.50	5.59
1yr	5.46	0.00	5.39	4.54	3.95	5yr	4.67	4.36	4.80	5.11	4.94	5Yr	5.46	5.47	5.46	5.40
2yr	5.03	(0.08)	4.90	4.10	4.20	7yr	4.79	4.28	4.79	5.10	5.14	7Yr	5.46	5.48	5.47	5.41
3yr	4.77	(0.03)	4.58	3.90	4.14	10yr	4.79	4.25	4.86	5.17	5.16	10Yr	5.46	5.52	5.51	5.45
5yr	4.57	0.01	4.28	3.68	4.02	15yr	4.80	4.25	5.54	5.90	5.36	October TBA MBS				
7yr	4.56	0.04	4.23	3.65	3.93	20yr	4.82	4.20	5.84	6.21	5.76	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.52	0.09	4.12	3.57	3.79	25yr	4.84	4.10	5.97	6.35	5.82	2.50	5.93	5.5y	5.36	
30yr	4.65	0.13	4.23	3.76	3.73	30yr	3.99	3.99	6.10	6.50	5.87	3.00	5.92	5.6y		
												3.50	5.60	5.6y	5.62	10.6y
												4.00	5.36	5.9y	5.68	10.2y
												4.50			5.74	10.4y
												5.00			5.87	9.9y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.00	3.25
Primary Discount	5.50	--	5.50	5.00	3.25
2ndary Discount	6.00	--	6.00	5.50	3.75
Prime Rate	8.50	--	8.50	8.00	6.25
Sec. O.N. Finance	5.31	0.01	5.30	4.84	--
1 Month LIBOR	5.43	(0.01)	5.44	4.85	3.12
3 Month LIBOR	5.65	(0.01)	5.67	5.14	3.64
6 Month LIBOR	5.90	(0.00)	5.90	5.16	4.21
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.79	0.04	5.89	5.15	4.31
1 Year CMT	5.46	--	5.44	4.55	3.99
REPO O/N	5.33	--	5.33	4.88	3.00
REPO 1Wk	5.40	(0.03)	5.38	4.86	3.15
CoF Federal	3.698	--	3.619	3.139	1.762
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.58	5.62	5.64
6mo	5.65	5.65	5.65
1yr	5.52	5.54	5.67
2yr	5.13	5.22	5.41
3yr	4.92	5.00	5.20
4yr	4.78	4.86	5.05
5yr	4.69	4.77	4.96
7yr	4.91	5.00	5.17
10yr	5.04	5.15	5.29
5yr Am	4.15		5.15
10yr Am	4.21		5.21

Fed Fund Futures	
Maturity	Rate
Sep-23	5.328
Oct-23	5.330
Nov-23	5.365
Dec-23	5.395
Jan-24	5.415
Feb-24	5.415
Mar-24	5.400
Apr-24	5.375
May-24	5.290
Jun-24	5.225
Jul-24	5.180

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
9/26	S&P CoreLogic CS 20-City YoY NSA	Jul	-0.10%	0.13%	-1.17%	-1.22%
9/26	S&P CoreLogic CS US HPI YoY NSA	Jul	--	0.98%	-0.02%	0.01%
9/26	Conf. Board Consumer Confidence	Sep	105.5	103.0	106.1	108.7
9/26	Conf. Board Present Situation	Sep	--	147.1	144.8	146.7
9/26	Conf. Board Expectations	Sep	--	73.7	80.2	83.3
9/27	Durables Ex Transportation	Aug P	0.2%	0.4%	0.4%	0.1%
9/27	Cap Goods Ship Nondef Ex Air	Aug P	0.0%	0.7%	-0.3%	--
9/28	GDP Annualized QoQ	2Q T	2.2%	2.1%	2.1%	--
9/28	Personal Consumption	2Q T	1.7%	0.8%	1.7%	--
9/28	GDP Price Index	2Q T	2.0%	1.7%	2.0%	--
9/28	Core PCE Price Index QoQ	2Q T	3.7%	3.7%	3.7%	--
9/28	Initial Jobless Claims	9/23	215k	204k	201k	202k
9/28	Continuing Claims	9/16	1675k	1670k	1662k	1658k
9/28	Pending Home Sales NSA YoY	Aug	-13.0%	-18.8%	-13.8%	-14.1%
9/29	Advance Goods Trade Balance	Aug	-\$91.4b	-\$84.3b	-\$91.2b	-\$90.9b
9/29	Personal Income	Aug	0.4%	0.4%	0.2%	--
9/29	Personal Spending	Aug	0.5%	0.4%	0.8%	0.9%
9/29	Real Personal Spending	Aug	0.0%	0.1%	0.6%	--
9/29	PCE Deflator MoM	Aug	0.5%	0.4%	0.2%	--
9/29	PCE Deflator YoY	Aug	3.5%	3.5%	3.3%	3.4%
9/29	PCE Core Deflator MoM	Aug	0.2%	0.1%	0.2%	--
9/29	PCE Core Deflator YoY	Aug	3.9%	3.9%	4.2%	4.3%
9/29	MNI Chicago PMI	Sep	47.6	44.1	48.7	--
9/29	U. of Mich. Sentiment	Sep F	67.7	68.1	67.7	--
9/29	U. of Mich. Current Conditions	Sep F	69.8	71.4	69.8	--
9/29	U. of Mich. Expectations	Sep F	66.4	66.0	66.3	--
9/29	U. of Mich. 1 Yr Inflation	Sep F	3.2%	3.2%	3.1%	--
9/29	U. of Mich. 5-10 Yr Inflation	Sep F	2.8%	2.8%	2.7%	--
10/2	ISM Manufacturing	Sep	47.8	--	47.6	--
10/2	ISM Prices Paid	Sep	48.8	--	48.4	--
10/2	ISM Employment	Sep	--	--	48.5	--
10/2	ISM New Orders	Sep	--	--	46.8	--
10/3	JOLTS Job Openings	Aug	8900k	--	8827k	--
10/4	ADP Employment Change	Sep	150k	--	177k	--
10/4	ISM Services Index	Sep	53.5	--	54.5	--
10/4	ISM Services Prices Paid	Sep	--	--	58.9	--
10/4	ISM Services Employment	Sep	--	--	54.7	--
10/4	ISM Services New Orders	Sep	--	--	57.5	--
10/5	Challenger Job Cuts YoY	Sep	--	--	266.9%	--
10/6	Change in Nonfarm Payrolls	Sep	165k	--	187k	--
10/6	Two-Month Payroll Net Revision	Sep	--	--	-110k	--
10/6	Change in Private Payrolls	Sep	150k	--	179k	--
10/6	Change in Manufact. Payrolls	Sep	10k	--	16k	--
10/6	Unemployment Rate	Sep	3.7%	--	3.8%	--
10/6	Average Hourly Earnings YoY	Sep	4.3%	--	4.3%	--
10/6	Average Weekly Hours All Employees	Sep	34.4	--	34.4	--
10/6	Labor Force Participation Rate	Sep	--	--	62.8%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	11.6	13.6	13.4	12.1	18.0	16.1
FH/FN 15y	7.0	7.9	9.3	13.1	18.3	23.8
GN 15y	12.3	15.2	17.5	20.5	21.7	34.3
FH/FN 20y	6.2	7.1	7.9	8.5	9.3	12.5
FH/FN 30y	4.5	6.1	6.5	6.9	7.6	11.5
GN 30y	5.9	6.0	9.7	11.1	7.6	7.2

CPR Projections						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	12.4	12.3	12.4	12.0	10.0	10.3
FH/FN 15y	6.9	7.0	6.5	10.4	13.6	13.4
GN 15y	8.5	8.7	10.7	11.1	12.1	12.1
FH/FN 20y	6.0	6.5	6.2	6.8	7.4	8.7
FH/FN 30y	5.0	5.2	5.5	6.0	6.3	7.3
GN 30y	5.5	6.1	6.7	7.4	7.6	6.5

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	149.37	1.00	146.78	131.90	144.67
Euro	1.06	(0.01)	1.08	1.09	0.97
Dollar Index	106.07	0.49	103.53	102.64	112.25
Major Stock Indices					
Dow Jones	33,721	(243)	34,853	32,718	29,226
S&P 500	4,330.4	10.3	4,497.6	4,027.8	3,640.5
NASDAQ	13,357.0	145	13,943.8	11,926.2	10,737.5
Commodities					
Gold	1,871.4	(55.8)	1,936.5	1,966.9	1,658.5
Crude Oil	91.10	1.07	81.16	72.97	81.23
Natural Gas	2.92	0.28	2.56	1.99	6.87
Wheat	577.5	-2.0	569.8	704.8	896.3
Corn	486.8	9.5	469.5	650.5	669.5

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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