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UPCOMING EVENTS

Banks

Seminar:

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:

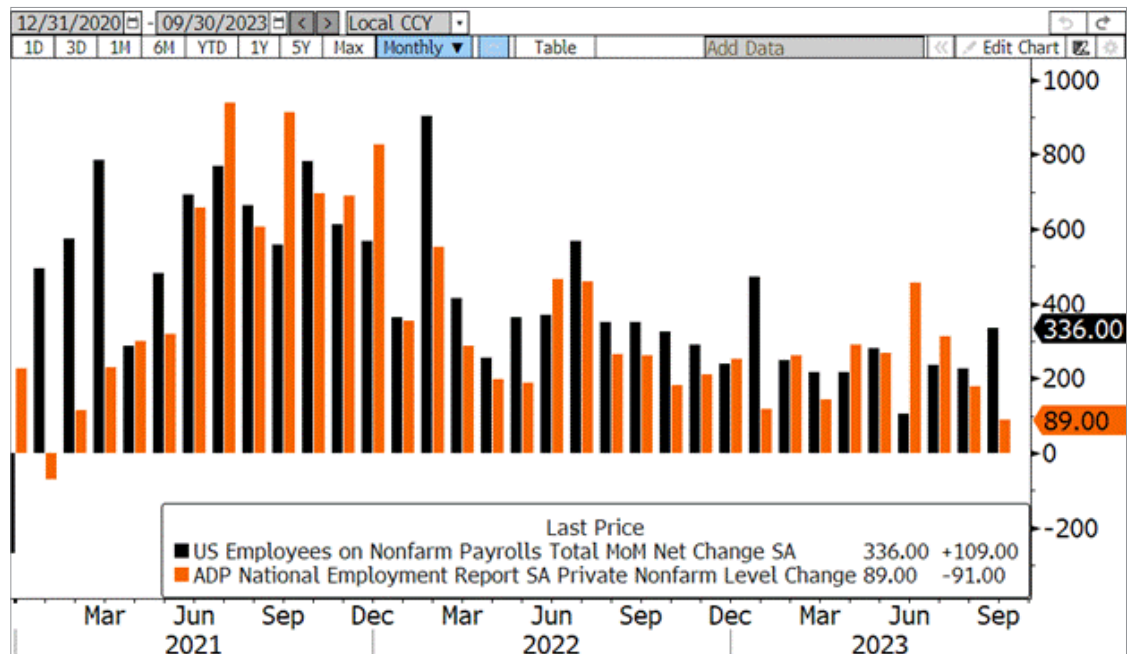
Dallas, TX
 Nov 9, 2023

CU Webinar:

Q4 CU Strategies
 Oct 12, 2023

It may not be a true “October Surprise” but this morning’s September jobs report was quite the shocker. Job gains came in nearly twice the estimate as the US economy added a whopping 336k jobs in September (vs. 170k forecast). The strong headline number and upward revisions to prior months suggest the labor market may not be weakening in the orderly fashion many expected. However, there was also some weakness in the underlying data. Most importantly for the inflation fight, wage growth underwhelmed estimates. Average Hourly Earnings rose just 0.2% (vs. 0.3% forecast) and 4.2% year-over-year (vs. 4.3% forecast).

Additionally, the household survey failed to confirm the headline number, coming in soft at +86k. The non-farm payrolls survey and the household survey are both conducted by the Bureau of Labor Statistics (BLS) but they measure employment using different methodologies. Non-farm payrolls is much larger and it surveys businesses while the household survey surveys private households and tends to be more susceptible to sampling error and volatility. However, despite these differences, the divergence between the two for the same sampling period is quite striking. The BLS also reported that the Unemployment Rate held steady at 3.8% despite the increase in jobs and the Labor Force Participation Rate also held at 62.8%.



Source: Bloomberg, L.P.

(Continued)



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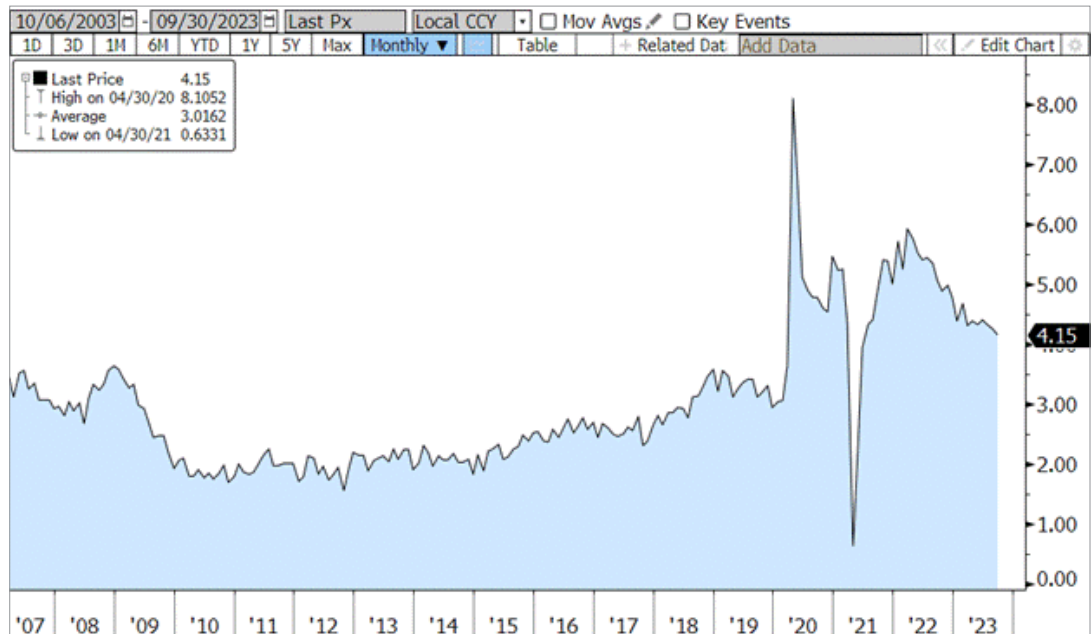
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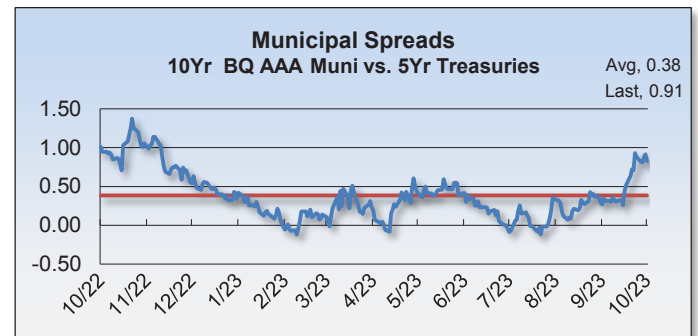
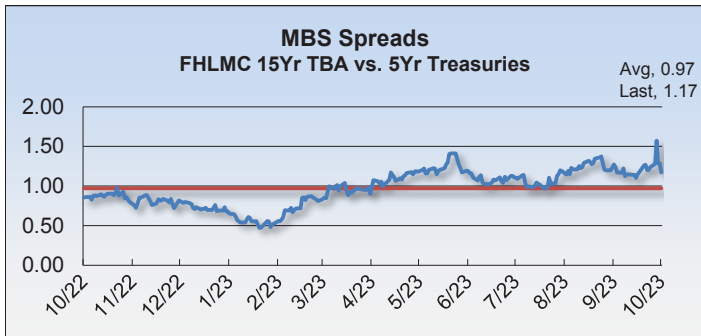
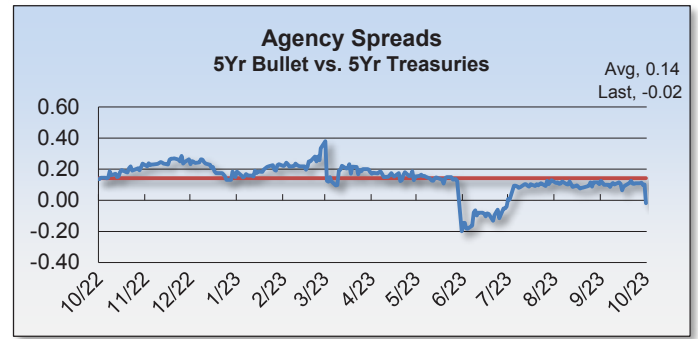
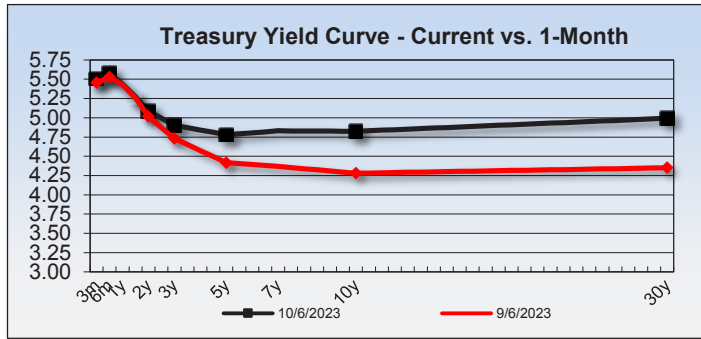


Source: Bloomberg, L.P.

Bond yields initially surged on the news but had given back much of the increase at the time of this writing. Interestingly, and somewhat surprisingly, the impressive jobs report has not been enough to persuade traders that the Fed will implement another rate hike this year. Fed Funds Futures still show a less than 50% probability there will be any more rate hikes in 2023 and a less than 30% chance of one at the November meeting.

Earlier in the week, private payroll processing firm ADP reported that US companies added just 89k jobs in September, far fewer than the 150k forecast and the smallest growth since January 2021. This is obviously in stark contrast to the non-farm payrolls report we got this morning and further muddies the waters as to where the labor market actually stands. Also unlike this morning's NFP report, the ADP job gains were not widespread. The largest gains came in small businesses and leisure & hospitality (+92k) while large companies and professional & business services saw 32k of job losses.

As the markets continue to digest the report and try to ascertain the true state of the labor market, there is much to look ahead to next week for direction. Not only will we get the release of the minutes from the latest FOMC meeting, but there are several Fed speakers on the docket as well. We will also get the all-important CPI readings which will give us the first insight into how inflation fared in September. Hope everyone has a great week!



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	5.50	0.05	5.47	4.84	3.38	2yr	5.20	4.95	5.12	5.45	5.20	2Yr	5.90	5.90	5.90	-
6mo	5.57	0.03	5.54	4.82	4.05	3yr	5.00	4.67	4.93	5.24	5.13	3Yr	5.71	5.72	5.70	5.71
1yr	5.43	(0.03)	5.43	4.49	4.20	5yr	4.87	4.47	4.80	5.11	4.98	5Yr	5.67	5.67	5.66	5.60
2yr	5.09	0.04	5.02	3.83	4.26	7yr	5.06	4.43	4.83	5.14	5.21	7Yr	5.73	5.75	5.74	5.67
3yr	4.90	0.10	4.73	3.60	4.20	10yr	5.09	4.43	4.90	5.22	5.28	10Yr	5.77	5.82	5.82	5.75
5yr	4.78	0.17	4.42	3.38	4.07	15yr	5.11	4.46	5.59	5.95	5.48	November TBA MBS				
7yr	4.83	0.21	4.37	3.34	3.97	20yr	5.14	4.42	5.88	6.26	5.92	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.82	0.25	4.28	3.31	3.82	25yr	5.16	4.32	6.01	6.40	5.98	3.00	6.20	5.5y	5.80	
30yr	4.99	0.29	4.35	3.55	3.79	30yr		4.22	6.15	6.54	6.03	3.50	5.88	5.6y		
												4.00	5.58	5.9y	5.94	10.2y
												4.50	5.63	5.8y	5.97	10.6y
												5.00			6.08	10.1y
												5.50			6.22	9.4y

* 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	5.32	0.01	5.31	4.81	--
1 Month LIBOR	5.44	0.01	5.44	4.87	3.19
3 Month LIBOR	5.68	0.03	5.66	5.22	3.74
6 Month LIBOR	5.92	0.03	5.88	5.34	4.24
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.77	(0.03)	5.81	5.07	4.48
1 Year CMT	5.39	(0.07)	5.42	4.43	4.14
REPO O/N	5.36	0.03	5.33	4.90	3.06
REPO 1Wk	5.34	(0.05)	5.37	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	5.60	5.64	5.63
6mo	5.67	5.67	5.66
1yr	5.55	5.53	5.64
2yr	5.21	5.27	5.31
3yr	5.08	5.13	5.15
4yr	4.98	5.05	5.04
5yr	4.93	4.99	4.98
7yr	5.18	5.27	5.23
10yr	5.35	5.46	5.39
5yr Am	4.15		5.13
10yr Am	4.21		5.26

Fed Fund Futures		
Maturity	Rate	
Oct-23	5.330	
Nov-23	5.405	
Dec-23	5.435	
Jan-24	5.455	
Feb-24	5.450	
Mar-24	5.430	
Apr-24	5.400	
May-24	5.315	
Jun-24	5.245	
Jul-24	5.200	
Aug-24	5.080	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/2	S&P Global US Manufacturing PMI	Sep F	48.9	49.8	48.9	--
10/2	ISM Manufacturing	Sep	47.9	49.0	47.6	--
10/2	ISM Prices Paid	Sep	49.0	43.8	48.4	--
10/2	ISM Employment	Sep	48.6	51.2	48.5	--
10/2	ISM New Orders	Sep	47.8	49.2	46.8	--
10/3	JOLTS Job Openings	Aug	8815k	9610k	8827k	8920k
10/4	MBA Mortgage Applications	9/29	--	-6.0%	-1.3%	--
10/4	ADP Employment Change	Sep	150k	89k	477k	180k
10/4	S&P Global US Services PMI	Sep F	50.2	50.1	50.2	--
10/4	S&P Global US Composite PMI	Sep F	50.1	50.2	50.1	--
10/4	Factory Orders Ex Trans	Aug	0.2%	1.4%	0.8%	0.9%
10/4	Durables Ex Transportation	Aug F	0.4%	0.4%	0.4%	--
10/4	Cap Goods Orders Nondef Ex Air	Aug F	0.9%	0.9%	0.9%	--
10/4	Cap Goods Ship Nondef Ex Air	Aug F	--	0.7%	0.7%	--
10/4	ISM Services Index	Sep	53.5	53.6	54.5	--
10/4	ISM Services Prices Paid	Sep	--	58.9	58.9	--
10/4	ISM Services Employment	Sep	--	53.4	54.7	--
10/4	ISM Services New Orders	Sep	--	51.8	57.5	--
10/5	Challenger Job Cuts YoY	Sep	--	58.2%	266.9%	--
10/5	Trade Balance	Aug	-\$59.8b	-\$58.3b	-\$65.0b	-\$64.7b
10/5	Initial Jobless Claims	9/30	210k	207k	204k	205k
10/5	Continuing Claims	9/23	1671k	1664k	1670k	1665k
10/6	Two-Month Payroll Net Revision	Sep	--	119k	--	--
10/6	Change in Nonfarm Payrolls	Sep	170k	336k	487k	227k
10/6	Change in Private Payrolls	Sep	160k	263k	479k	177k
10/6	Change in Manufact. Payrolls	Sep	5k	17k	46k	11k
10/6	Unemployment Rate	Sep	3.7%	3.8%	3.8%	--
10/6	Average Hourly Earnings MoM	Sep	0.3%	0.2%	0.2%	--
10/6	Average Hourly Earnings YoY	Sep	4.3%	4.2%	4.3%	--
10/6	Average Weekly Hours All Employees	Sep	34.4	34.4	34.4	--
10/6	Labor Force Participation Rate	Sep	62.8%	62.8%	62.8%	--
10/6	Underemployment Rate	Sep	--	7.0%	7.1%	--
10/10	NY Fed 1-Yr Inflation Expectations	Sep	--	--	3.6%	--
10/11	PPI Final Demand YoY	Sep	--	--	1.6%	--
10/11	PPI Ex Food and Energy YoY	Sep	2.3%	--	2.2%	--
10/11	PPI Ex Food, Energy, Trade YoY	Sep	--	--	3.0%	--
10/12	CPI YoY	Sep	3.6%	--	3.7%	--
10/12	CPI Ex Food and Energy YoY	Sep	4.1%	--	4.3%	--
10/12	CPI Index NSA	Sep	307.43	--	307.03	--
10/12	CPI Core Index SA	Sep	--	--	309.66	--
10/12	Real Avg Hourly Earning YoY	Sep	--	--	0.5%	--
10/12	Real Avg Weekly Earnings YoY	Sep	--	--	0.3%	0.2%
10/13	Import Price Index YoY	Sep	--	--	-3.0%	--
10/13	Export Price Index YoY	Sep	--	--	-5.5%	--
10/13	U. of Mich. Sentiment	Oct P	67.5	--	68.1	--
10/13	U. of Mich. Current Conditions	Oct P	--	--	71.4	--
10/13	U. of Mich. 1 Yr Inflation	Oct P	--	--	3.2%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	13.5	13.2	11.9	15.7	16.0	20.1
FH/FN 15y	7.4	8.6	12.5	17.3	26.9	40.2
GN 15y	14.5	17.0	20.1	21.8	34.1	50.8
FH/FN 20y	6.6	7.6	8.0	8.8	11.8	14.5
FH/FN 30y	5.3	6.0	6.5	6.3	10.3	7.9
GN 30y	6.5	6.7	8.7	6.8	6.7	7.6
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	12.3	12.4	12.0	10.1	10.4	10.6
FH/FN 15y	7.1	6.4	9.9	13.4	13.2	14.3
GN 15y	8.6	10.7	11.0	11.9	11.8	14.5
FH/FN 20y	6.5	6.2	6.7	7.2	8.6	9.9
FH/FN 30y	5.1	5.4	5.9	6.1	6.9	8.2
GN 30y	6.0	6.5	7.2	7.3	6.5	6.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	149.43	0.06	147.37	131.45	144.74
Euro	1.05	(0.01)	1.07	1.09	0.99
Dollar Index	106.72	0.54	104.86	101.82	112.26
Major Stock Indices					
Dow Jones	32,925	(582)	34,443	33,485	29,927
S&P 500	4,232.4	(55.7)	4,465.5	4,105.0	3,744.5
NASDAQ	13,125.4	(94)	13,872.5	12,088.0	11,073.3
Commodities					
Gold	1,818.2	(29.9)	1,925.8	2,011.9	1,711.7
Crude Oil	82.37	(8.42)	87.54	80.70	88.45
Natural Gas	3.21	0.29	2.51	2.01	6.97
Wheat	571.0	29.5	581.0	675.5	879.0
Corn	493.0	16.3	471.5	643.5	675.5

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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