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### UPCOMING EVENTS

#### Banks

##### Seminar:

Oklahoma City, OK  
 Oct 18-20, 2023

Minneapolis, MN  
 Dec 5, 2023

##### Webinar:

Bank Trends for Q3  
 Nov 15, 2023

#### Credit Unions

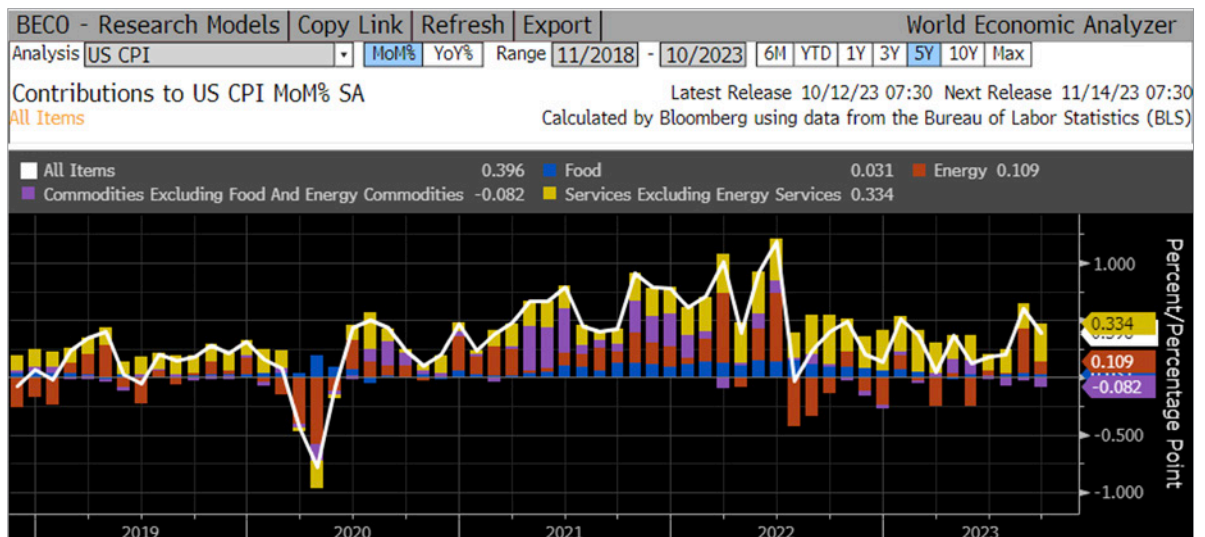
##### CU Seminar:

Dallas, TX  
 Nov 9, 2023

There's nothing like a Friday the thirteenth in the month of October to bring strange vibes. And after an incredibly tense week, markets have reason to feel on edge. The bond market has been hit with volatility all week, weathering competing crosswinds from upside data surprises and flight to quality bids as investors weigh the potential geopolitical and economic impacts of the Israel-Hamas war.

Bond yields, especially the long end of the curve, have been moving higher recently but retraced sharply to start the week amid concerns over the situation in the Middle East. For most individuals, the chief concern is the horrendous humanitarian impact but for markets, the concern is energy prices. The potential for oil sanctions and higher energy prices would undoubtedly complicate the path to lower inflation.

The 10yr Treasury yield opened after the holiday weekend almost a quarter point below the peak set last Friday after the blowout September jobs report and traded lower from there. However, another upside surprise in US economic data brought on another selloff and reversed some of the move down. Thursday's Consumer Price Index (CPI) report showed that headline inflation rose more than expected in September due to a surge in rental costs and gasoline. CPI rose 0.4% (vs. 0.3% estimate) in September and 3.7% from a year ago (vs. 3.6% estimate). However, Core CPI, which the Fed has said they believe is a better indicator of the overall trend in consumer inflation, was in line with estimates at 0.3% MoM and 4.1% YoY. September's Producer Price Index (PPI) also rose more than forecast led by higher energy costs. PPI rose 0.5% (vs. 0.3% expected) MoM and 2.2% YoY (vs. 1.6% expected). Cost pressures had been trending down, but now higher energy costs are risking a reversal of the trend.



Source: Bureau of Labor Statistics

(Continued)



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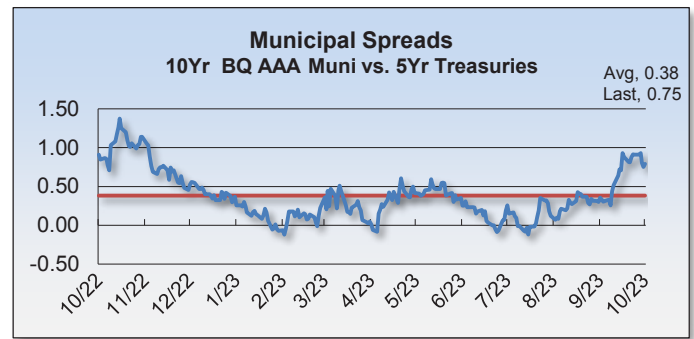
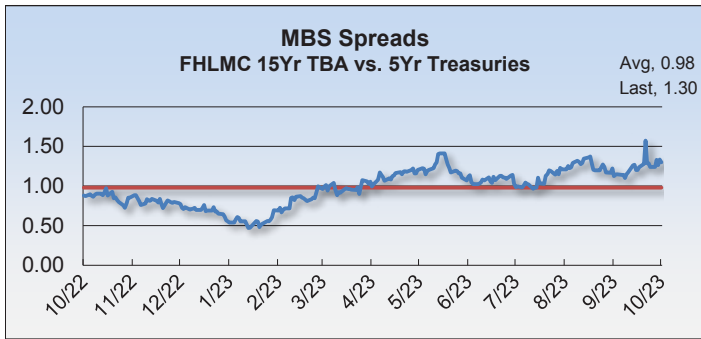
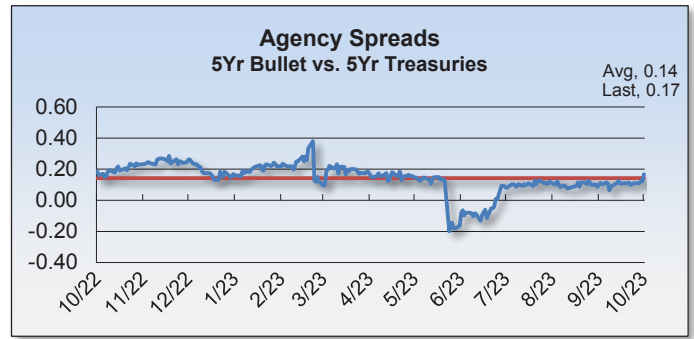
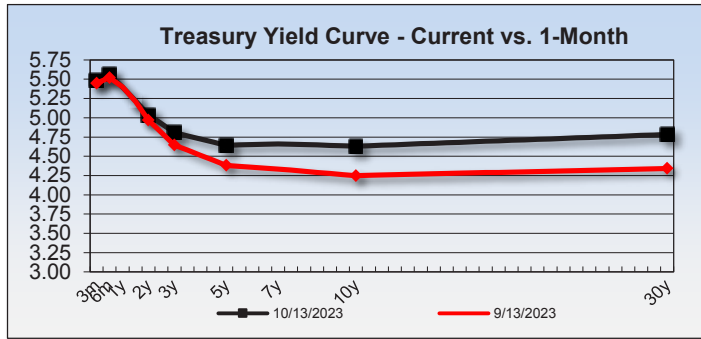
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We also got minutes from the last FOMC meeting in September, which seem less relevant than usual this week given how much the world has changed since they met. However, more current comments from Fed officials suggest that the recent surge in treasury yields may lessen the need for further rate hikes as the market is doing the tightening work for them on its own. That is certainly what the market believes. Despite the CPI and PPI data this week showing higher than expected inflation, Fed Funds futures markets are betting a more than 90% probability the Fed will not hike rates in November and a nearly 70% probability they will not hike in December either.

After all the volatility, we end the week with rates down, especially the long end of the curve. At the time of this writing, the 2yr UST is down 3bps to 5.05%, the 5yr is down 11bps to 4.64%, the 10yr is down 17bps to 4.63%, and the 30yr is down 18bps to 4.79%. Next week, we will get retail sales and housing data which are expected to show continued slowing in those sectors.



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	5.48	(0.03)	5.47	5.00	3.71	2yr	5.15	4.92	4.94	5.26	5.24	2Yr	5.85	5.85	5.85	-
6mo	5.56	(0.02)	5.53	4.93	4.29	3yr	4.92	4.62	4.75	5.05	5.16	3Yr	5.61	5.62	5.60	5.61
1yr	5.39	(0.03)	5.42	4.66	4.44	5yr	4.75	4.39	4.61	4.90	5.00	5Yr	5.52	5.52	5.51	5.45
2yr	5.04	(0.04)	4.97	3.97	4.46	7yr	4.91	4.32	4.63	4.93	5.22	7Yr	5.53	5.56	5.55	5.48
3yr	4.81	(0.08)	4.65	3.71	4.38	10yr	4.91	4.31	4.70	5.01	5.27	10Yr	5.55	5.61	5.60	5.54
5yr	4.64	(0.12)	4.38	3.50	4.20	15yr	4.91	4.33	5.38	5.72	5.47	November TBA MBS				
7yr	4.66	(0.15)	4.34	3.47	4.09	20yr	4.91	4.29	5.67	6.03	5.90	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.63	(0.17)	4.25	3.45	3.95	25yr	4.90	4.19	5.80	6.18	5.96	3.00	6.16	5.5y	5.77	
30yr	4.78	(0.19)	4.34	3.69	3.92	30yr	4.90	4.08	5.94	6.32	6.01	3.50	5.81	5.6y		
												4.00	5.52	5.9y	5.90 10.2y	
												4.50	5.54	5.8y	5.93 10.6y	
												5.00			6.04 10.1y	
												5.50			6.17 9.5y	

\* 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	4.80	--
1 Month LIBOR	5.45	0.00	5.44	4.94	3.35
3 Month LIBOR	5.66	(0.03)	5.67	5.24	3.94
6 Month LIBOR	5.86	(0.06)	5.89	5.35	4.45
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.74	(0.03)	5.75	5.19	4.72
1 Year CMT	5.43	0.04	5.42	4.64	4.28
REPO O/N	5.37	--	5.33	4.83	3.06
REPO 1Wk	5.37	(0.02)	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	5.65
6mo	5.67	5.67	5.66
1yr	5.53	5.54	5.66
2yr	5.11	5.18	5.29
3yr	4.95	5.01	5.09
4yr	4.86	4.93	5.00
5yr	4.77	4.82	4.88
7yr	4.99	5.06	5.08
10yr	5.13	5.23	5.21
5yr Am	4.15		5.07
10yr Am	4.21		5.13

Fed Fund Futures		
Maturity	Rate	
Oct-23	5.328	
Nov-23	5.350	
Dec-23	5.390	
Jan-24	5.415	
Feb-24	5.420	
Mar-24	5.395	
Apr-24	5.360	
May-24	5.265	
Jun-24	5.195	
Jul-24	5.150	
Aug-24	5.025	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/10	NFIB Small Business Optimism	Sep	91.0	90.8	91.3	--
10/10	Wholesale Inventories MoM	Aug F	-0.1%	-0.1%	-0.1%	--
10/10	Wholesale Trade Sales MoM	Aug	0.4%	1.8%	0.8%	1.2%
10/10	NY Fed 1-Yr Inflation Expectations	Sep	--	3.67%	3.63%	--
10/11	MBA Mortgage Applications	10/6	--	0.6%	-6.0%	--
10/11	PPI Final Demand MoM	Sep	0.3%	0.5%	0.7%	--
10/11	PPI Ex Food and Energy MoM	Sep	0.2%	0.3%	0.2%	--
10/11	PPI Ex Food, Energy, Trade MoM	Sep	0.2%	0.2%	0.3%	0.2%
10/11	PPI Final Demand YoY	Sep	1.6%	2.2%	1.6%	2.0%
10/11	PPI Ex Food and Energy YoY	Sep	2.3%	2.7%	2.2%	2.5%
10/11	PPI Ex Food, Energy, Trade YoY	Sep	3.0%	2.8%	3.0%	2.9%
10/12	CPI MoM	Sep	0.3%	0.4%	0.6%	--
10/12	CPI Ex Food and Energy MoM	Sep	0.3%	0.3%	0.3%	--
10/12	CPI YoY	Sep	3.6%	3.7%	3.7%	--
10/12	CPI Ex Food and Energy YoY	Sep	4.1%	4.1%	4.3%	--
10/12	CPI Index NSA	Sep	307.45	307.79	307.03	--
10/12	CPI Core Index SA	Sep	310.60	310.66	309.66	--
10/12	Real Avg Hourly Earning YoY	Sep	--	0.5%	0.5%	--
10/12	Real Avg Weekly Earnings YoY	Sep	--	-0.1%	0.3%	0.2%
10/12	Initial Jobless Claims	10/7	210k	209k	207k	209k
10/12	Continuing Claims	9/30	1676k	1702k	1664k	1672k
10/13	Import Price Index MoM	Sep	0.5%	0.1%	0.5%	0.6%
10/13	Import Price Index ex Petroleum MoM	Sep	-0.1%	-0.3%	0.0%	-0.1%
10/13	Import Price Index YoY	Sep	-1.4%	-1.7%	-3.0%	-2.9%
10/13	Export Price Index MoM	Sep	0.5%	0.7%	1.3%	1.1%
10/13	Export Price Index YoY	Sep	-4.0%	-4.1%	-5.5%	-5.7%
10/13	U. of Mich. Sentiment	Oct P	67.0	63.0	68.1	--
10/13	U. of Mich. Current Conditions	Oct P	70.3	66.7	71.4	--
10/13	U. of Mich. Expectations	Oct P	65.7	60.7	66.0	--
10/13	U. of Mich. 1 Yr Inflation	Oct P	3.2%	3.8%	3.2%	--
10/13	U. of Mich. 5-10 Yr Inflation	Oct P	2.8%	3.0%	2.8%	--
10/16	Empire Manufacturing	Oct	-5.5	--	1.9	--
10/17	Retail Sales Advance MoM	Sep	0.3%	--	0.6%	--
10/17	Retail Sales Ex Auto MoM	Sep	0.2%	--	0.6%	--
10/17	Retail Sales Ex Auto and Gas	Sep	0.1%	--	0.2%	--
10/17	Retail Sales Control Group	Sep	0.0%	--	0.1%	--
10/17	Capacity Utilization	Sep	79.6%	--	79.7%	--
10/17	Manufacturing (SIC) Production	Sep	-0.1%	--	0.1%	--
10/17	Business Inventories	Aug	0.3%	--	0.0%	--
10/17	NAHB Housing Market Index	Oct	44	--	45	--
10/17	Net Long-term TIC Flows	Aug	--	--	\$8.8b	--
10/17	Total Net TIC Flows	Aug	--	--	\$140.6b	--
10/18	Building Permits	Sep	1450k	--	1543k	1541k
10/18	Housing Starts	Sep	1380k	--	1283k	--
10/19	Philadelphia Fed Business Outlook	Oct	-6.0	--	-13.5	--
10/19	Existing Home Sales	Sep	3.88m	--	4.04m	--
10/19	Leading Index	Sep	-0.4%	--	-0.4%	--

MBS Prepayments <sup>4</sup>						
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	6.7	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	6.6	6.4	9.9	13.4	13.1	14.2
GN 15y	8.6	10.6	11.0	11.9	11.6	14.4
FH/FN 20y	6.5	6.2	6.7	7.2	8.5	9.8
FH/FN 30y	5.1	5.6	6.0	6.1	6.9	8.2
GN 30y	6.0	6.6	7.3	7.3	6.5	6.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	149.65	0.33	147.38	133.23	146.81
Euro	1.05	(0.01)	1.07	1.10	0.97
Dollar Index	106.66	0.62	104.77	101.01	112.36
<b>Major Stock Indices</b>					
Dow Jones	33,822	414	34,576	34,030	30,039
S&P 500	4,361.4	52.9	4,467.4	4,146.2	3,669.9
NASDAQ	13,551.5	120	13,813.6	12,166.3	10,649.2
<b>Commodities</b>					
Gold	1,907.6	77.4	1,914.4	2,041.3	1,670.0
Crude Oil	86.23	3.44	88.52	82.16	89.11
Natural Gas	3.24	(0.10)	2.68	2.01	6.74
Wheat	581.8	13.5	569.0	667.0	892.3
Corn	492.8	0.8	464.0	652.3	697.8

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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