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UPCOMING EVENTS

Banks

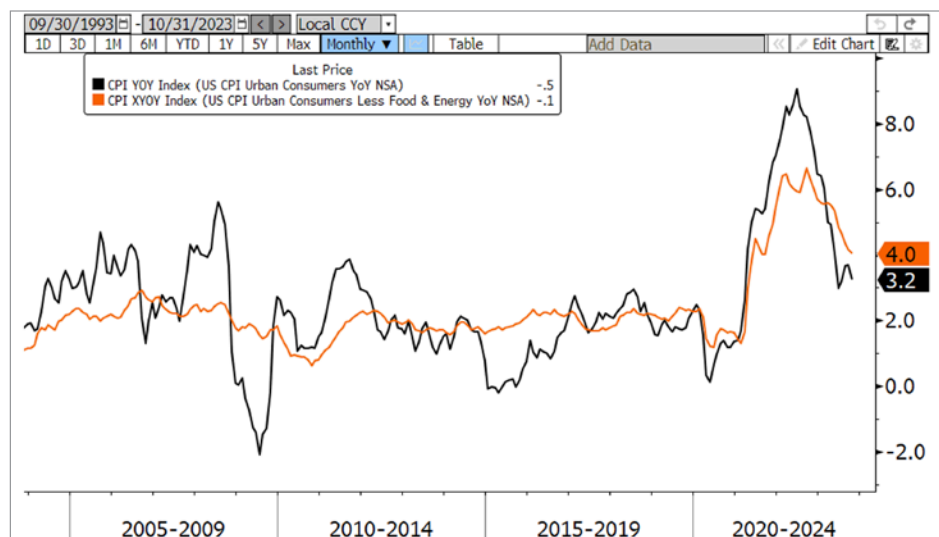
Seminar:

Minneapolis, MN

Dec 5, 2023

Bond yields plunged this week as new signs of economic slowdown gave investors conviction that rate hikes are over and rate cuts will begin next year. That, along with news that the U.S. will avoid a long-feared government shutdown at least until next year and a continued decline in oil prices this week also contributed to the rally.

Tuesday's Consumer Price Index (CPI) report delivered a much cooler than expected inflation picture. Forecasts were for headline CPI to rise 0.1% in October but instead the price of the basket of goods and services measured held steady at 3.2% YoY vs. 3.3% consensus and down from 3.7% last month. Core CPI, which excludes volatile food and energy prices, rose 0.2% (vs. 0.3% consensus) MoM to 4.0% YoY (vs. 4.1% consensus). The biggest declines were in energy prices and used cars. However, the Core Services measure, which captures the integral shelter component of inflation, also showed cooling, posting the smallest increase since summer 2022.



Source: Bloomberg, L.P.

Wednesday's data showed more evidence that the economy and inflation are moderating as wholesale prices fell more than expected and retail sales fell for the first time since March. The Producer Price Index (PPI), which is a leading indicator of inflation as it captures price changes affecting producers that will ultimately affect prices passed on to consumers, unexpectedly fell 0.5% in October vs. consensus estimates of +0.1%. That brought the YoY PPI change to 1.3% (vs. estimates of 1.9%), the biggest decline in three and a half years. Excluding food and energy, Core PPI was unchanged MoM vs. estimates of +0.3%, and was up 2.4% from a year ago vs. estimates of 2.7%.

Retail Sales fell 0.1% in the month of October, shy of the 0.3% decline expected, but the first monthly decline since the spring. The data validates what has been predicted by many economists, that the summer spending spree for the U.S. consumer is now over and the resiliency of the consumer is now questionable. Retail sales are also not inflation adjusted, which implies that "real" sales for the month of October are actually flat. In other words, the 0.1% increase can likely be attributed to increased prices rather than increased consumption.

(Continued)



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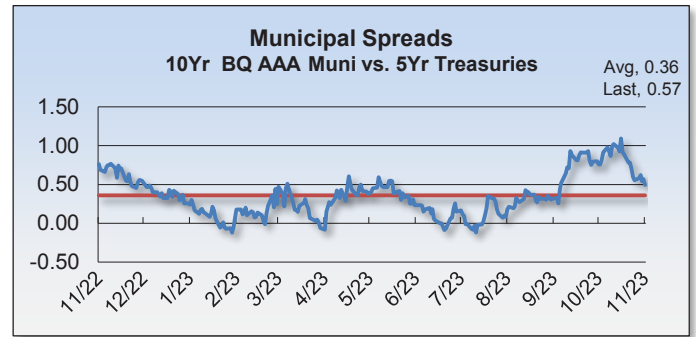
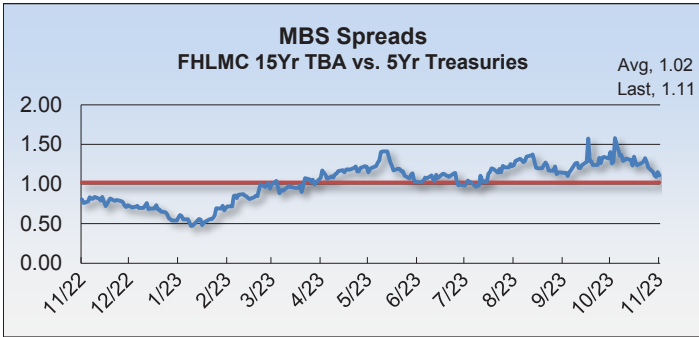
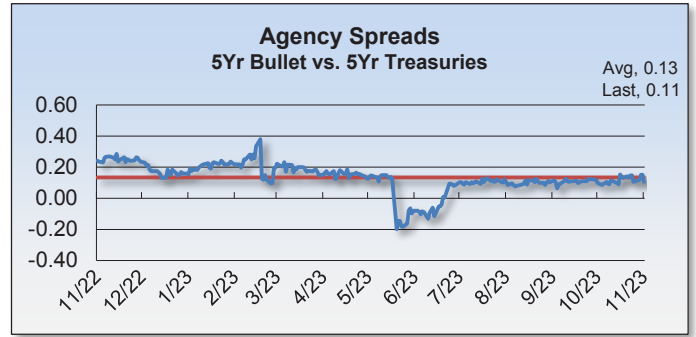
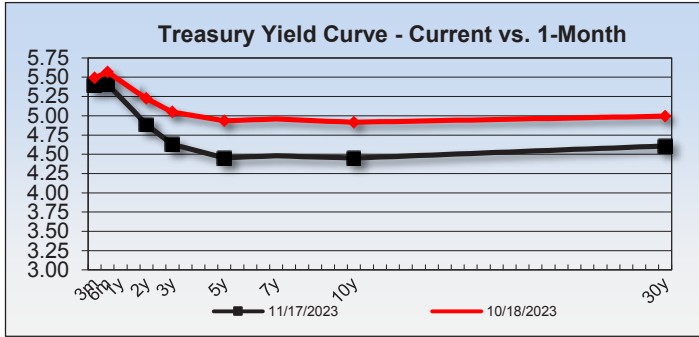
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Dec 5, 2023

A surprise jump in initial jobless claims this week, combined with the persistent rise in continuing claims, also showed further softening in the labor market that may ultimately lead the unemployment rate higher. Initial claims popped 13k this week to 231k vs. consensus estimates of 220k, marking the highest level in almost two years and an eighth straight week of increases.

The week's data led futures markets to remove virtually all bets on another Fed rate hike this cycle. Markets have almost full certainty the next move from the Fed will be a cut rather than a hike, with the highest probabilities showing the first cut in May 2024. We end the week with Treasury yields down sharply. The 2-year is currently down ~16bps from last Friday's close to 4.90%. The 5-year is down ~22bps to 4.46%. The 10-year is down ~19bps to 4.46%, and the 30-year is down ~15bps to 4.61%.

With the holiday next week, markets could be jumpy with lots of traders out and liquidity lighter than usual. There is still notable data coming out and we will get the minutes from the FOMC's last meeting that took place the first of this month. Happy Early Thanksgiving to all!



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	5.39	(0.02)	5.50	5.23	4.22	2yr	4.99	4.63	4.40	4.68	5.04	2Yr	5.89	5.89	5.89	-
6mo	5.41	(0.08)	5.58	5.25	4.59	3yr	4.72	4.33	4.26	4.53	4.95	3Yr	5.73	5.74	5.70	5.73
1yr	5.24	(0.15)	5.48	4.90	4.68	5yr	4.56	4.09	4.13	4.40	4.78	5Yr	5.75	5.75	5.74	5.68
2yr	4.89	(0.18)	5.21	4.16	4.45	7yr	4.76	4.04	4.20	4.47	4.94	7Yr	5.82	5.84	5.83	5.76
3yr	4.63	(0.21)	5.01	3.82	4.28	10yr	4.75	4.04	4.27	4.54	5.01	10Yr	5.86	5.91	5.91	5.84
5yr	4.45	(0.23)	4.87	3.59	3.94	15yr	4.75	4.10	4.98	5.30	5.21	December TBA MBS				
7yr	4.48	(0.23)	4.89	3.57	3.87	20yr	4.75	4.07	5.35	5.69	5.65	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.45	(0.20)	4.84	3.57	3.77	25yr	4.76	3.99	5.54	5.89	5.71	3.50	5.36	5.5y	5.62	
30yr	4.61	(0.16)	4.93	3.86	3.88	30yr		3.90	5.73	6.09	5.76	4.00	5.15	5.8y		
												4.50	5.21	5.6y	5.69	10.1y
												5.00	5.36	5.5y	5.77	9.5y
												5.50			5.89	8.8y
												6.00			6.05	7.6y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.25	4.00
Primary Discount	5.50	--	5.50	5.25	4.00
2ndary Discount	6.00	--	6.00	5.75	4.50
Prime Rate	8.50	--	8.50	8.25	7.00
Sec. O.N. Finance	5.32	--	5.31	5.05	--
1 Month LIBOR	5.44	0.01	5.45	5.11	3.90
3 Month LIBOR	5.63	0.00	5.66	5.33	4.65
6 Month LIBOR	5.81	(0.02)	5.89	5.38	5.09
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.59	(0.09)	5.76	5.38	4.88
1 Year CMT	5.23	(0.16)	5.42	4.88	4.62
REPO O/N	5.37	--	5.37	5.13	3.82
REPO 1Wk	5.36	--	5.39	5.01	3.89
CoF Federal	3.743	--	3.698	3.239	2.022
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.52	5.54	5.56
6mo	5.54	5.55	5.55
1yr	5.34	5.37	5.47
2yr	4.97	5.02	5.03
3yr	4.75	4.81	4.81
4yr	4.65	4.72	4.72
5yr	4.59	4.67	4.65
7yr	4.81	4.91	4.89
10yr	4.96	5.07	5.05
5yr Am	4.15		4.81
10yr Am	4.21		4.93

Fed Fund Futures	
Maturity	Rate
Nov-23	5.330
Dec-23	5.330
Jan-24	5.330
Feb-24	5.325
Mar-24	5.300
Apr-24	5.255
May-24	5.140
Jun-24	5.045
Jul-24	4.990
Aug-24	4.845
Sep-24	4.785

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
11/13	NY Fed 1-Yr Inflation Expectations	Oct	--	3.57%	3.67%	--
11/14	NFIB Small Business Optimism	Oct	90.5	90.7	90.8	--
11/14	CPI MoM	Oct	0.1%	0.0%	0.4%	--
11/14	CPI Ex Food and Energy MoM	Oct	0.3%	0.2%	0.3%	--
11/14	CPI YoY	Oct	3.3%	3.2%	3.7%	--
11/14	CPI Ex Food and Energy YoY	Oct	4.1%	4.0%	4.1%	--
11/14	CPI Index NSA	Oct	307.89	307.67	307.79	--
11/14	CPI Core Index SA	Oct	311.65	311.37	310.66	--
11/14	Real Avg Hourly Earning YoY	Oct	--	0.8%	0.5%	--
11/14	Real Avg Weekly Earnings YoY	Oct	--	0.0%	-0.1%	0.0%
11/15	MBA Mortgage Applications	11/10	--	2.8%	2.5%	--
11/15	Retail Sales Advance MoM	Oct	-0.3%	-0.1%	0.7%	0.9%
11/15	Retail Sales Ex Auto MoM	Oct	-0.2%	0.1%	0.6%	0.8%
11/15	Retail Sales Ex Auto and Gas	Oct	0.2%	0.1%	0.6%	0.8%
11/15	Retail Sales Control Group	Oct	0.2%	0.2%	0.6%	0.7%
11/15	PPI Final Demand MoM	Oct	0.1%	-0.5%	0.5%	0.4%
11/15	PPI Ex Food and Energy MoM	Oct	0.3%	0.0%	0.3%	0.2%
11/15	PPI Ex Food, Energy, Trade MoM	Oct	0.2%	0.1%	0.2%	0.3%
11/15	PPI Final Demand YoY	Oct	1.9%	1.3%	2.2%	--
11/15	PPI Ex Food and Energy YoY	Oct	2.7%	2.4%	2.7%	--
11/15	PPI Ex Food, Energy, Trade YoY	Oct	2.8%	2.9%	2.8%	3.0%
11/15	Empire Manufacturing	Nov	-3.0	9.1	-4.6	--
11/15	Business Inventories	Sep	0.4%	0.4%	0.4%	--
11/16	Import Price Index YoY	Oct	-1.8%	-2.0%	-1.7%	-1.5%
11/16	Export Price Index YoY	Oct	--	-4.9%	-4.1%	-4.3%
11/16	Initial Jobless Claims	11/11	220k	231k	217k	218k
11/16	Continuing Claims	11/4	1843k	1865k	1834k	1833k
11/16	New York Fed Services Business Activity	Nov	--	-11.9	-19.1	--
11/16	Philadelphia Fed Business Outlook	Nov	-8.0	-5.9	-9.0	--
11/16	Capacity Utilization	Oct	79.4%	78.9%	79.7%	79.5%
11/16	Manufacturing (SIC) Production	Oct	-0.4%	-0.7%	0.4%	0.2%
11/16	NAHB Housing Market Index	Nov	40	34	40	--
11/16	Net Long-term TIC Flows	Sep	--	-\$1.7b	-\$63.5b	-\$62.2b
11/16	Total Net TIC Flows	Sep	--	-\$67.4b	-\$134.4b	-\$131.0b
11/17	Housing Starts MoM	Oct	-0.6%	1.9%	7.0%	3.1%
11/17	Building Permits MoM	Oct	-1.4%	1.1%	-4.4%	-4.5%
11/20	Leading Index	Oct	-0.6%	--	-0.7%	--
11/21	Chicago Fed Nat Activity Index	Oct	--	--	2.0%	--
11/21	Existing Home Sales MoM	Oct	-1.5%	--	-2.0%	--
11/22	Durables Ex Transportation	Oct P	0.2%	--	0.4%	--
11/22	Cap Goods Ship Nondef Ex Air	Oct P	--	--	-0.1%	--
11/22	U. of Mich. Sentiment	Nov F	61.0	--	60.4	--
11/22	U. of Mich. Current Conditions	Nov F	--	--	65.7	--
11/22	U. of Mich. 1 Yr Inflation	Nov F	--	--	4.40%	--
11/24	S&P Global US Manufacturing PMI	Nov P	49.6	--	50.0	--
11/24	S&P Global US Services PMI	Nov P	50.4	--	50.6	--
11/24	S&P Global US Composite PMI	Nov P	--	--	50.7	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	13.0	13.2	14.5	15.2	20.3	27.8
FH/FN 15y	8.3	12.0	16.4	25.4	43.6	48.8
GN 15y	16.6	21.1	24.0	37.3	57.7	84.4
FH/FN 20y	7.1	7.7	9.0	11.8	14.0	14.5
FH/FN 30y	5.6	6.2	6.8	9.4	7.5	8.4
GN 30y	5.5	7.4	6.4	6.7	7.1	7.3
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.5	12.2	10.4	10.7	11.1	12.0
FH/FN 15y	6.9	9.9	13.6	13.6	14.4	21.1
GN 15y	10.9	11.2	12.1	12.0	14.9	15.0
FH/FN 20y	6.2	6.8	7.8	9.2	10.4	12.0
FH/FN 30y	5.6	5.9	6.5	7.5	8.8	9.8
GN 30y	6.5	7.7	7.9	8.3	9.4	11.3

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	149.65	(1.87)	149.55	136.99	139.93
Euro	1.09	0.02	1.06	1.08	1.03
Dollar Index	104.15	(1.72)	106.25	102.88	106.69
Major Stock Indices					
Dow Jones	34,938	655	33,998	33,421	33,546
S&P 500	4,504.8	89.6	4,373.2	4,158.8	3,946.6
NASDAQ	14,104.6	306	13,533.8	12,500.6	11,145.0
Commodities					
Gold	1,983.2	45.5	1,922.7	1,984.9	1,763.0
Crude Oil	74.55	(2.62)	86.66	72.83	81.64
Natural Gas	2.94	(0.09)	3.08	2.37	6.37
Wheat	549.5	-25.8	570.5	625.5	806.8
Corn	470.3	6.3	489.0	561.5	667.5

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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