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UPCOMING EVENTS

Banks

Seminar:

Minneapolis, MN
Dec 5, 2023

Banks and CUs

School:

Baker Bond School
Apr 9-10, 2024

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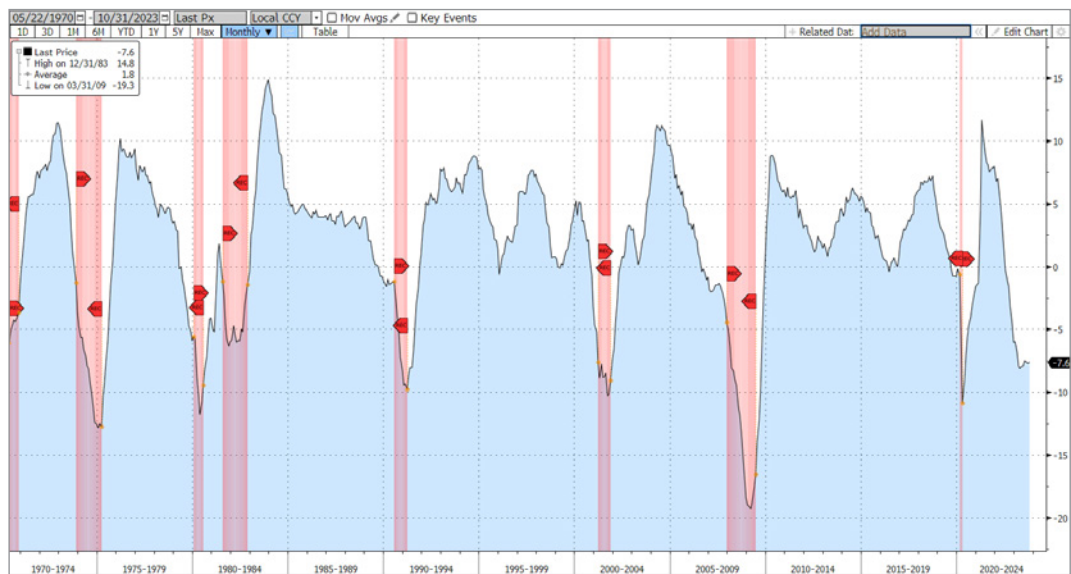
Baker ALM School
Aug 20-21, 2024

Scottsdale, AZ

45th Anniversary
Celebration Seminar
Nov 7-8, 2024

The holiday week was short but not without news. An impressive 20-year Treasury auction on Monday kicked off the week with vigor. Decent demand for the \$16 billion auction of often-ignored 20-year bonds dragged long-term yields down yet again. The 20-year yield fell almost 10bps on the day to the lowest level since September 22nd. Benchmark 10-year year yields also nudged lower in solidarity.

Monday also brought the reading of October's Leading Economic Indicators (LEI), which is a group of economic variables that typically portend the direction of the U.S. economy. The index fell yet again in October by -0.8% MoM (consensus was -0.7%). It also marked the nineteenth consecutive decline in the index. Historically, every time the index has reached the current YoY reading of -7.6% there has been a recession so if the U.S. manages to avoid a recession this round, it will be the first time in history that the LEI has given us a false prediction.



Source: Bloomberg, L.P.

On Tuesday, Existing Home Sales disappointed, coming in at 3.79M vs. 3.90M consensus. The report showed sales of previously owned homes falling by the most in nearly a year for the month of October to a fresh 13-year low. By now we all know the impetus for the sluggishness, elevated mortgage rates keeping existing homeowners from selling and persistently high prices further eroding affordability. However, the National Association of Realtors (NAR) expects inventory to improve as mortgage rates come down. Mortgage rates have fallen for three straight weeks and the NAR expects that to start stirring up buying interest, especially as we head into spring.

Tuesday also brought minutes from the FOMC's October 31st - November 1st meeting, although the minutes provided little new news for policy watchers to digest. The FOMC reiterated that monetary policy will need to stay "restrictive" until data shows inflation is on a convincing track back to the central bank's 2% goal. "In discussing the policy outlook, participants continued

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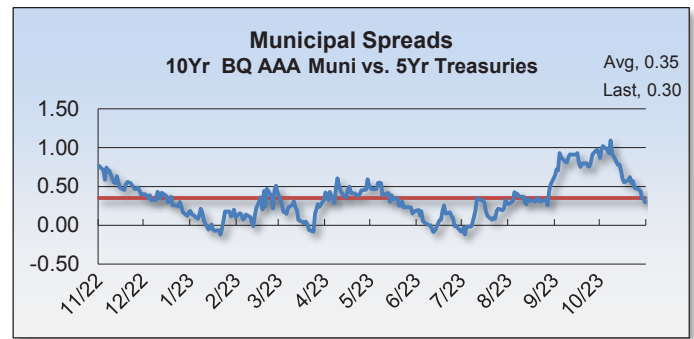
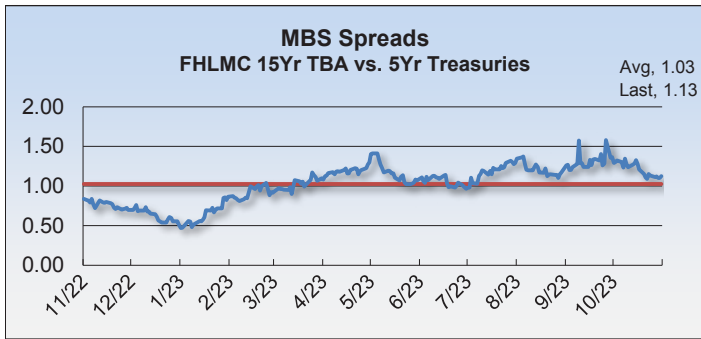
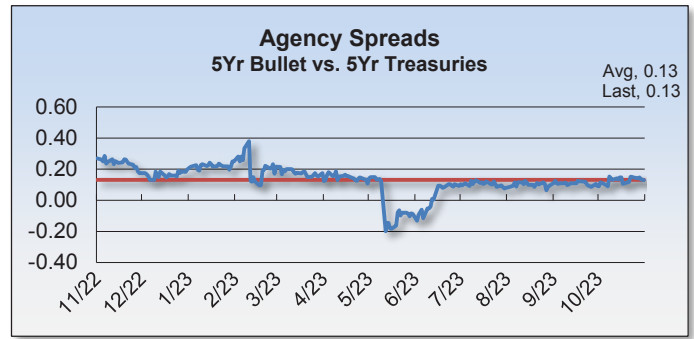
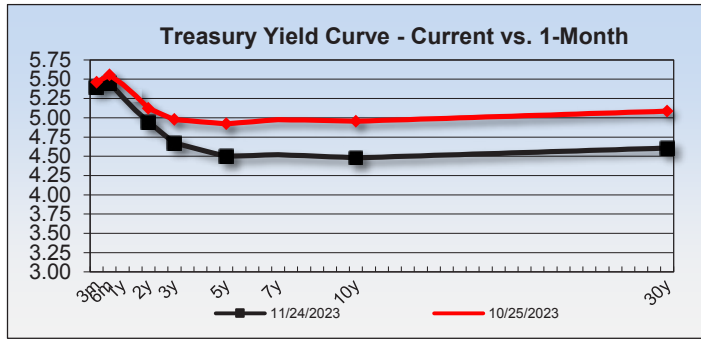
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to judge that it was critical that the stance of monetary policy be kept sufficiently restrictive to return inflation to the Committee’s 2 percent objective over time,” the minutes noted.

Markets opened quietly Friday morning after the Thanksgiving break with many participants still celebrating the holiday. Treasuries are down slightly on the day and yields are up in the neighborhood of a half a basis point at the time of this writing. The yield on the 2-year UST is currently 4.94%. The 5-year yield is 4.50% and the 10-year is currently yielding 4.47%. Futures markets are little changed on the week with the market still convinced that the next move from the FOMC will be a cut rather than another hike, which is expected to hit next summer.

Next week, activity and data will pick up again. New Home Sales numbers will kick off the week on Monday, followed by home price data on Tuesday, mortgage applications on Wednesday, and Pending Home Sales on Thursday to round out the week’s housing data. We will also get key readings on GDP, as well as the Personal Consumption Expenditure (PCE) inflation data and Personal Income and Spending numbers. Hope everyone had a wonderful Thanksgiving and that most of you are still off celebrating rather than at your desks reading this!

(Continued)



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	5.40	0.01	5.44	5.34	4.27	2yr	5.05	4.74	4.33	4.60	5.14	2Yr	5.74	5.74	5.74	-	
6mo	5.46	0.05	5.56	5.39	4.68	3yr	4.76	4.44	4.16	4.43	5.03	3Yr	5.47	5.48	5.40	5.47	
1yr	5.27	0.02	5.43	5.13	4.74	5yr	4.59	4.20	4.02	4.28	4.82	5Yr	5.38	5.38	5.37	5.31	
2yr	4.95	0.06	5.12	4.38	4.48	7yr	4.79	4.14	4.07	4.34	4.97	7Yr	5.40	5.42	5.42	5.35	
3yr	4.67	0.05	4.92	4.06	4.28	10yr	4.76	4.13	4.12	4.38	5.01	10Yr	5.41	5.46	5.46	5.39	
5yr	4.50	0.06	4.82	3.82	3.89	15yr	4.73	4.16	4.83	5.14	5.21	December TBA MBS					
7yr	4.52	0.05	4.86	3.78	3.81	20yr	4.71	4.12	5.19	5.53	5.58	Cpn		15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.48	0.04	4.83	3.74	3.70	25yr	4.69	4.03	5.40	5.74	5.64	3.50	5.43	5.5y	5.64		
30yr	4.61	0.02	4.94	3.99	3.73	30yr		3.93	5.60	5.96	5.69	4.00	5.18	5.8y			
												4.50	5.26	5.6y	5.72	10.0y	
												5.00	5.35	5.5y	5.81	9.3y	
												5.50			5.89	8.4y	
												6.00			6.08	7.1y	

* 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	5.31	(0.01)	5.30	5.05	--
1 Month LIBOR	5.46	0.01	5.45	5.13	4.02
3 Month LIBOR	5.64	0.01	5.66	5.37	4.70
6 Month LIBOR	5.81	(0.00)	5.90	5.45	5.16
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.63	0.04	5.76	5.50	4.92
1 Year CMT	5.26	(0.01)	5.41	5.07	4.79
REPO O/N	5.38	--	5.33	5.13	3.82
REPO 1Wk	5.40	0.04	5.36	5.11	3.80
CoF Federal	3.814	--	3.743	3.302	2.278
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.53	5.55	5.56
6mo	5.55	5.56	5.53
1yr	5.36	5.38	5.44
2yr	5.04	5.08	5.08
3yr	4.81	4.86	4.83
4yr	4.71	4.77	4.71
5yr	4.64	4.72	4.63
7yr	4.87	4.96	4.85
10yr	4.99	5.09	4.98
5yr Am	4.15		4.82
10yr Am	4.21		4.90

Fed Fund Futures	
Maturity	Rate
Nov-23	5.330
Dec-23	5.340
Jan-24	5.350
Feb-24	5.370
Mar-24	5.345
Apr-24	5.305
May-24	5.205
Jun-24	5.115
Jul-24	5.065
Aug-24	4.935
Sep-24	4.875

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
11/20	Leading Index	Oct	-0.7%	-0.8%	-0.7%	--
11/21	Chicago Fed Nat Activity Index	Oct	0.00	-0.49	0.02	-0.02
11/21	Philadelphia Fed Non-Manufacturing Ac	Nov	--	-11.0	-20.3	--
11/21	Existing Home Sales	Oct	3.90m	3.79m	3.96m	3.95m
11/21	Existing Home Sales MoM	Oct	-1.5%	-4.1%	-2.0%	-2.2%
11/22	MBA Mortgage Applications	11/17	--	3.0%	2.8%	--
11/22	Initial Jobless Claims	11/18	227k	209k	234k	233k
11/22	Continuing Claims	11/11	1875k	1840k	1865k	1862k
11/22	Durable Goods Orders	Oct P	-3.2%	-5.4%	4.6%	4.0%
11/22	Durables Ex Transportation	Oct P	0.1%	0.0%	0.4%	0.2%
11/22	Cap Goods Orders Nondef Ex Air	Oct P	0.1%	-0.1%	0.5%	-0.2%
11/22	Cap Goods Ship Nondef Ex Air	Oct P	0.1%	0.0%	-0.1%	0.0%
11/22	U. of Mich. Sentiment	Nov F	61.0	61.3	60.4	--
11/22	U. of Mich. Current Conditions	Nov F	--	68.3	65.7	--
11/22	U. of Mich. Expectations	Nov F	--	56.8	56.9	--
11/22	U. of Mich. 1 Yr Inflation	Nov F	4.4%	4.5%	4.4%	--
11/22	U. of Mich. 5-10 Yr Inflation	Nov F	3.1%	3.2%	3.2%	--
11/24	S&P Global US Manufacturing PMI	Nov P	49.9	49.4	50.0	--
11/24	S&P Global US Services PMI	Nov P	50.3	50.8	50.6	--
11/24	S&P Global US Composite PMI	Nov P	50.4	50.7	50.7	--
11/27	New Home Sales	Oct	723k	--	759k	--
11/27	New Home Sales MoM	Oct	-4.8%	--	12.3%	--
11/27	Dallas Fed Manf. Activity	Nov	-16.0	--	-19.2	--
11/28	FHFA House Price Index MoM	Sep	0.4%	--	0.6%	--
11/28	House Price Purchase Index QoQ	3Q	--	--	1.7%	--
11/28	S&P CoreLogic CS 20-City YoY NSA	Sep	4.20%	--	2.16%	--
11/28	S&P CoreLogic CS US HPI YoY NSA	Sep	--	--	2.57%	--
11/28	Conf. Board Consumer Confidence	Nov	101.0	--	102.6	--
11/28	Conf. Board Present Situation	Nov	--	--	143.1	--
11/28	Conf. Board Expectations	Nov	--	--	75.6	--
11/28	Richmond Fed Business Conditions	Nov	--	--	-15	--
11/29	Advance Goods Trade Balance	Oct	-\$86.5b	--	-\$85.8b	-\$86.8b
11/29	GDP Annualized QoQ	3Q S	5.0%	--	4.9%	--
11/29	Personal Consumption	3Q S	4.0%	--	4.0%	--
11/29	GDP Price Index	3Q S	3.5%	--	3.5%	--
11/29	Core PCE Price Index QoQ	3Q S	2.4%	--	2.4%	--
11/30	Personal Income	Oct	0.2%	--	0.3%	--
11/30	Personal Spending	Oct	0.2%	--	0.7%	--
11/30	Real Personal Spending	Oct	0.1%	--	0.4%	--
11/30	PCE Deflator YoY	Oct	3.1%	--	3.4%	--
11/30	PCE Core Deflator YoY	Oct	3.5%	--	3.7%	--
11/30	MNI Chicago PMI	Nov	46	--	44	--
11/30	Pending Home Sales NSA YoY	Oct	--	--	-13.1%	--
12/1	ISM Manufacturing	Nov	47.7	--	46.7	--
12/1	ISM Prices Paid	Nov	--	--	45.1	--
12/1	ISM Employment	Nov	--	--	46.8	--
12/1	ISM New Orders	Nov	--	--	45.5	--

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	12.3	10.5	10.8	11.3	12.1
FH/FN 15y	7.1	9.9	13.6	13.8	14.6	21.4
GN 15y	11.1	11.4	12.1	12.0	14.8	15.0
FH/FN 20y	6.2	7.1	8.1	9.3	10.6	12.0
FH/FN 30y	5.7	6.0	6.8	7.8	9.0	10.3
GN 30y	6.5	8.0	8.2	8.3	9.7	11.5

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	149.48	(0.15)	149.79	138.51	138.20
Euro	1.09	0.00	1.06	1.08	1.04
Dollar Index	103.48	(0.87)	106.27	103.89	#N/A N/A
Major Stock Indices					
Dow Jones	35,374	428	32,936	33,056	34,194
S&P 500	4,554.2	46.0	4,217.0	4,145.6	4,027.3
NASDAQ	14,249.9	136	13,018.3	12,560.3	11,285.3
Commodities					
Gold	2,001.2	13.9	1,975.0	1,964.6	1,745.6
Crude Oil	76.65	3.75	83.74	74.34	77.94
Natural Gas	2.83	(0.23)	2.97	2.40	7.31
Wheat	550.0	-3.5	580.5	606.3	793.5
Corn	469.0	-5.8	484.0	587.3	663.3

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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