



Dale Sheller

Associate Partner
The Baker Group LP

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UPCOMING EVENTS

Banks

Webinars:

[Q1 Bank CC Webinar](#)

Jan 10, 2024

CUs

Webinars:

[Q1 CU CC Webinar](#)

Jan 11, 2024

Banks and CUs

Schools:

[Baker Bond School](#)

Apr 9-10, 2024

[Baker ALM School](#)

Aug 20-21, 2024

Seminar:

[Scottsdale, AZ](#)

[45th Anniversary](#)

[Celebration Seminar](#)

Nov 7-8, 2024

The days can be long, but the years seem to fly by! As we wind down another year and continue to draft our 2024 New Years Resolutions, this week has been a rather quiet week in the markets and economic data releases. The 10-Year Treasury has sold off a little this morning and is seeing a yield of 3.88%. Let's have a quick look at our week in review.

On Tuesday, the S&P CoreLogic Case-Shiller Index showed the persistence of home prices amid limited inventory even in the face of lower sales activity. The 10- and 20-city composite indices were up 5.7% and 4.8%, respectively. Keep in mind that this month's index data tracks August, September, and October, a period through which mortgage rates climbed sharply from 6.9% in August to 8% by the end of October. Since October, we've seen a strong rally in the 10-Year Treasury (prices up and yields down), pushing the average 30-year mortgage rate below 7%.

On Wednesday, Federal Reserve Bank of Dallas released Dallas Fed Manufacturing Index report. The report indicated that the Dallas Fed Manufacturing Index declined from -19.9 in November to -9.3 in December, compared to analyst consensus of -20.5. Additionally, the Richmond Federal Reserve Bank released its Manufacturing Index for December. The index saw a notable slowdown in Fifth District manufacturing activity, as the composite manufacturing index, a key indicator of the sector's health, dropped further into negative territory, moving from -5 in November to -11.

Yesterday's weekly initial jobless claims for the week ended Dec. 23 increased 12K to 218K, exceeding the 210K expected and compared with 206K prior (revised from 205K) in the previous week. The four-week moving average was 212K, a small decrease of 250 from the prior week's average of 212.25K (revised from 212K). Continuing claims rose to 1.875M from 1.861M prior (revised from 1.866M) and matched the consensus estimate.

Additionally on Thursday, pending home sales in November were unchanged compared with October and 5.2% lower than November of last year, according to the National Association of Realtors. The reading, which is based on signed contracts during the month, is a forward-looking indicator of closed sales as well as the most current look at what potential homebuyers are thinking. As I mentioned previously, the recent decline in mortgage rates should have some impact on home sales reports going forward.

Looking ahead to next week's releases, we will get the latest insight on the labor market via the Job Openings and Labor Turnover Survey which provides data on job openings, hires, and separations. The FOMC Meeting Minutes for the December meeting will be released next Wednesday, giving us further insights into the committee's thoughts. Finishing up next week will

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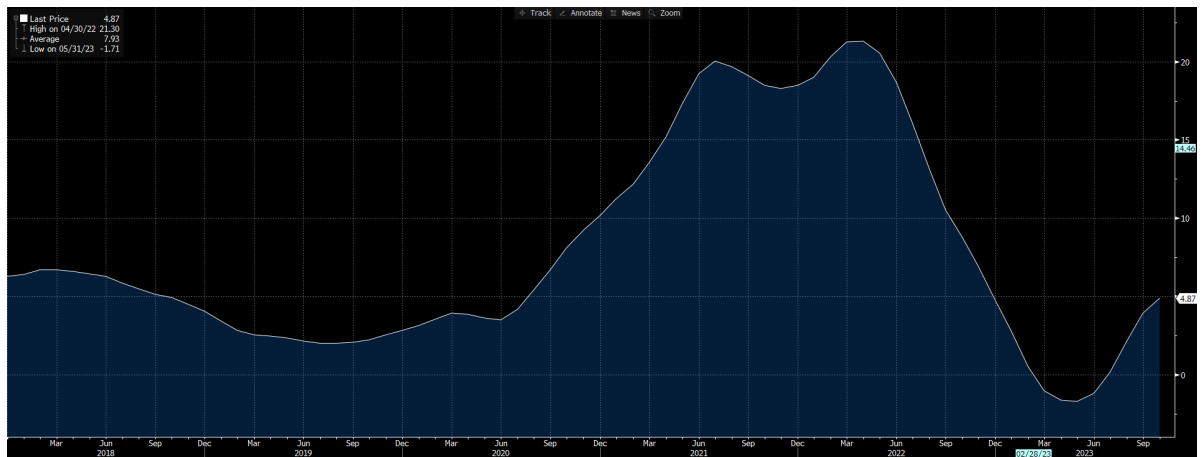
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The Baker Group LP

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be the monthly jobs reports. The change in nonfarm payrolls is expected to show an increase of 168K for the month of December and a small decline in the headline unemployment rate to 3.8%.

See you next year!

S&P CoreLogic Case-Shiller 20-City Composite Index (Year over Year % Change) - 2018 to Present



Source: Bloomberg, L.P.

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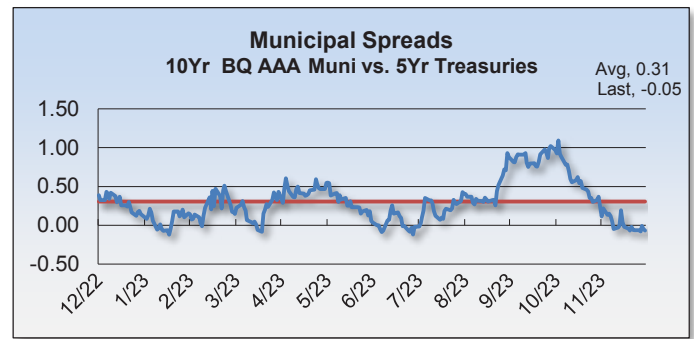
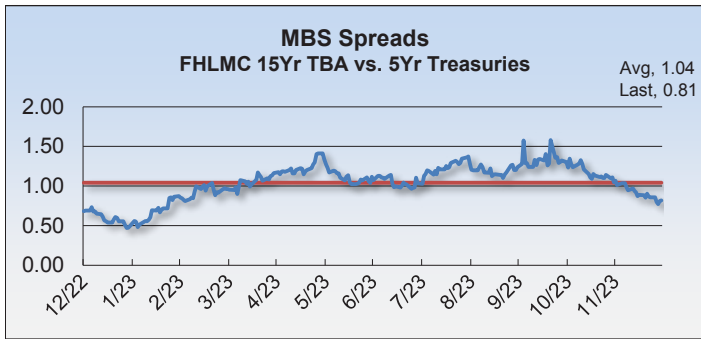
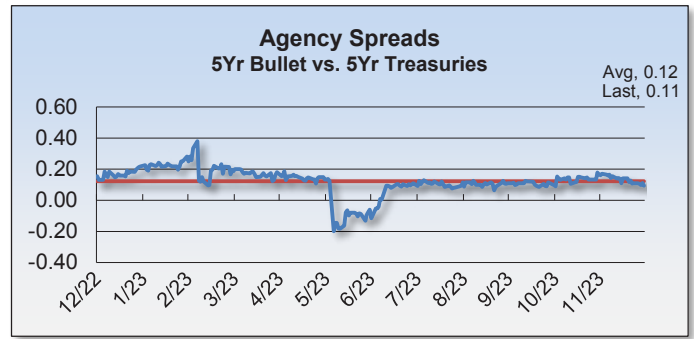
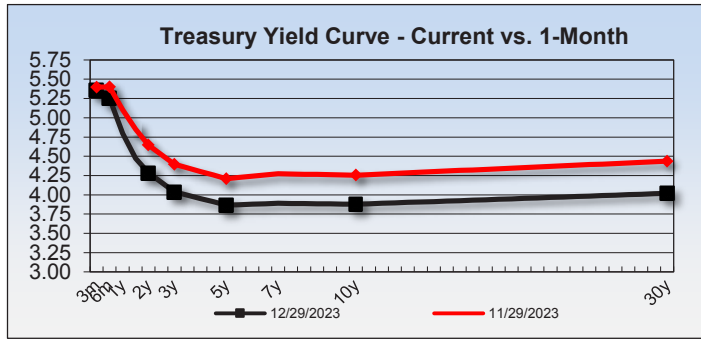
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Treasury Market -- Historical						Fixed Rate Market										
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr
3mo	5.36	(0.01)	5.40	5.34	4.39	2yr	4.39	4.11	3.53	3.75	4.46	2Yr	5.08	5.08	5.08	-
6mo	5.25	(0.03)	5.41	5.46	4.72	3yr	4.10	3.79	3.32	3.53	4.37	3Yr	4.84	4.84	4.80	4.83
1yr	4.79	(0.04)	5.11	5.40	4.68	5yr	3.94	3.56	3.19	3.40	4.20	5Yr	4.75	4.75	4.74	4.68
2yr	4.28	(0.04)	4.65	4.86	4.36	7yr	4.13	3.50	3.15	3.35	4.39	7Yr	4.77	4.80	4.79	4.72
3yr	4.04	(0.00)	4.40	4.49	4.22	10yr	4.12	3.49	3.19	3.40	4.44	10Yr	4.81	4.87	4.86	4.80
5yr	3.87	(0.01)	4.21	4.13	3.94	15yr	4.10	3.52	3.88	4.13	4.64	January TBA MBS				
7yr	3.89	(0.02)	4.28	3.98	3.92	20yr	4.07	3.50	4.31	4.59	5.02	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	3.88	(0.02)	4.26	3.84	3.82	25yr	4.04	3.42	4.55	4.84	5.08	3.00	4.86	5.3y	4.75	
30yr	4.02	(0.03)	4.44	3.90	3.90	30yr	4.04	3.33	4.79	5.10	5.13	3.50	4.62	5.2y	4.75	
												4.00	4.53	5.3y	4.89	9.2y
												4.50	4.63	5.1y	5.04	8.7y
												5.00			5.20	7.2y
												5.50			5.37	6.3y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.25	4.50
Primary Discount	5.50	--	5.50	5.25	4.50
2ndary Discount	6.00	--	6.00	5.75	5.00
Prime Rate	8.50	--	8.50	8.25	7.50
Sec. O.N. Finance	5.40	0.09	5.32	5.06	--
1 Month LIBOR	5.47	(0.00)	5.47	5.19	4.39
3 Month LIBOR	5.61	(0.02)	5.65	5.53	4.73
6 Month LIBOR	5.61	(0.05)	5.83	5.72	5.15
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.28	(0.04)	5.61	5.73	4.95
1 Year CMT	4.82	(0.02)	5.21	5.32	4.71
REPO O/N	5.35	--	5.38	5.13	4.34
REPO 1Wk	5.34	(0.05)	5.38	5.20	4.44
CoF Federal	3.848	--	3.814	3.460	2.568
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.50	5.54	5.54
6mo	5.38	5.39	5.37
1yr	4.93	4.94	5.02
2yr	4.43	4.49	4.48
3yr	4.19	4.24	4.20
4yr	4.10	4.16	4.10
5yr	4.01	4.08	3.99
7yr	4.24	4.31	4.22
10yr	4.40	4.49	4.37
5yr Am	4.15		4.20
10yr Am	4.21		4.27

Fed Fund Futures	
Maturity	Rate
Dec-23	5.330
Jan-24	5.325
Feb-24	5.295
Mar-24	5.220
Apr-24	5.090
May-24	4.845
Jun-24	4.680
Jul-24	4.580
Aug-24	4.375
Sep-24	4.280
Oct-24	4.145

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
12/26	Chicago Fed Nat Activity Index	Nov	--	0.03	0.49	-0.66
12/26	Philadelphia Fed Non-Manufacturing Ac	Dec	--	6.3	-11.0	--
12/26	FHFA House Price Index MoM	Oct	0.5%	0.3%	0.6%	0.7%
12/26	S&P CoreLogic CS 20-City MoM SA	Oct	0.60%	0.64%	0.67%	--
12/26	S&P CoreLogic CS 20-City YoY NSA	Oct	4.99%	4.87%	3.92%	--
12/26	S&P CoreLogic CS US HPI YoY NSA	Oct	--	4.77%	3.93%	3.97%
12/26	Dallas Fed Manf. Activity	Dec	-17.0	-9.3	-19.9	--
12/27	Richmond Fed Manufact. Index	Dec	-3	-11	-5	--
12/27	Richmond Fed Business Conditions	Dec	--	0	-9	--
12/27	Dallas Fed Services Activity	Dec	--	-8.7	-11.6	--
12/28	Advance Goods Trade Balance	Nov	-\$88.9b	-\$90.3b	-\$89.8b	-\$89.6b
12/28	Retail Inventories MoM	Nov	0.2%	-0.1%	0.0%	-0.1%
12/28	Wholesale Inventories MoM	Nov P	-0.2%	-0.2%	-0.4%	-0.3%
12/28	Initial Jobless Claims	12/23	210k	218k	205k	206k
12/28	Continuing Claims	12/16	1875k	1875k	1865k	1861k
12/28	Pending Home Sales MoM	Nov	0.9%	0.0%	-1.5%	-1.2%
12/28	Pending Home Sales NSA YoY	Nov	--	-5.1%	-6.6%	-6.3%
12/29	MNI Chicago PMI	Dec	50.0	46.9	55.8	--
1/2	S&P Global US Manufacturing PMI	Dec F	48.4	--	48.2	--
1/2	Construction Spending MoM	Nov	0.6%	--	0.6%	--
1/3	MBA Mortgage Applications	12/29	--	--	--	--
1/3	ISM Manufacturing	Dec	47.2	--	46.7	--
1/3	ISM Prices Paid	Dec	--	--	49.9	--
1/3	ISM Employment	Dec	--	--	45.8	--
1/3	ISM New Orders	Dec	--	--	48.3	--
1/3	JOLTS Job Openings	Nov	8850k	--	8733k	--
1/4	Challenger Job Cuts YoY	Dec	--	--	-40.8%	--
1/4	ADP Employment Change	Dec	113k	--	103k	--
1/4	S&P Global US Services PMI	Dec F	51.3	--	51.3	--
1/4	S&P Global US Composite PMI	Dec F	--	--	51.0	--
1/5	Two-Month Payroll Net Revision	Dec	--	--	-35k	--
1/5	Change in Nonfarm Payrolls	Dec	168k	--	199k	--
1/5	Change in Private Payrolls	Dec	128k	--	150k	--
1/5	Change in Manufact. Payrolls	Dec	5k	--	28k	--
1/5	Unemployment Rate	Dec	3.8%	--	3.7%	--
1/5	Average Hourly Earnings MoM	Dec	0.3%	--	0.4%	--
1/5	Average Hourly Earnings YoY	Dec	3.9%	--	4.0%	--
1/5	Average Weekly Hours All Employees	Dec	34.4	--	34.4	--
1/5	Labor Force Participation Rate	Dec	62.8%	--	62.8%	--
1/5	Underemployment Rate	Dec	--	--	7.0%	--
1/5	Factory Orders Ex Trans	Nov	--	--	-1.2%	--
1/5	Durables Ex Transportation	Nov F	--	--	0.5%	--
1/5	Cap Goods Ship Nondef Ex Air	Nov F	--	--	-0.1%	--
1/5	ISM Services Index	Dec	52.5	--	52.7	--
1/5	ISM Services Prices Paid	Dec	--	--	58.3	--
1/5	ISM Services Employment	Dec	--	--	50.7	--
1/5	ISM Services New Orders	Dec	--	--	55.5	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	12.3	12.1	13.7	11.6	12.6	19.8
FH/FN 15y	6.7	7.7	11.1	14.5	22.7	35.6
GN 15y	13.3	15.7	19.8	24.2	40.4	46.0
FH/FN 20y	5.6	6.5	7.0	8.8	11.1	12.5
FH/FN 30y	5.4	4.4	5.1	6.5	5.5	6.5
GN 30y	5.6	7.2	5.8	6.1	6.3	7.0

CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	12.8	13.0	12.7	11.4	12.8	13.5
FH/FN 15y	7.3	8.6	11.0	14.6	15.9	18.5
GN 15y	9.4	11.9	12.4	12.9	12.3	15.0
FH/FN 20y	6.6	7.6	8.9	9.9	10.6	12.2
FH/FN 30y	5.9	6.4	7.3	8.5	10.4	11.3
GN 30y	6.7	7.0	9.4	9.5	9.5	11.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	141.61	(0.80)	147.78	144.18	133.81
Euro	1.11	0.00	1.10	1.09	1.06
Dollar Index	101.34	(0.50)	102.77	103.34	103.84
Major Stock Indices					
Dow Jones	37,721	317	35,430	34,122	33,221
S&P 500	4,784.5	37.7	4,550.6	4,396.4	3,849.3
NASDAQ	15,106.0	142	14,258.5	13,591.3	10,478.1
Commodities					
Gold	2,070.1	31.0	2,047.1	1,917.9	1,826.0
Crude Oil	72.41	(1.48)	77.86	69.86	78.40
Natural Gas	2.52	(0.05)	2.80	2.70	4.56
Wheat	628.0	15.5	556.0	653.0	774.0
Corn	474.0	1.5	449.8	581.0	679.5

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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