



Andrea Pringle

MBS Analyst/
Financial Strategist
The Baker Group LP

[Email](#)

UPCOMING EVENTS

Banks

Webinars:

[Q1 IRR Management
Webinar](#)
Mar 19, 2024

[Q2 Bank CC Webinar](#)
Apr 4, 2024

Schools:

[Baker Bond School](#)
Apr 9-10, 2024

[Baker ALM School](#)
Aug 20-21, 2024

CUs

Webinars:

[Q2 CU CC Webinar](#)
Apr 11, 2024

Schools:

[Baker CU Virtual
Bond School](#)
Mar 13-14, 2024

[Baker CU Virtual
ALM School](#)
Jul 24-25, 2024

[Baker Bond School](#)
Apr 9-10, 2024

[Baker ALM School](#)
Aug 20-21, 2024

Banks and CUs

Seminar:

[Scottsdale, AZ
45th Anniversary
Celebration Seminar](#)
Nov 7-8, 2024

A full week of jobs data and congressional testimony from Fed Chairman Jerome Powell gave markets much to digest this week. Powell delivered the Federal Reserve's semiannual Monetary Policy Report to Congress at the House Financial Services Committee on Wednesday and the Senate Banking Committee on Thursday. His comments primarily reiterated the FOMC's commitment to carefully assess data until they build confidence that inflation is moving sustainably toward the 2% target. However, he did state that the Fed expects rate cuts to begin later in the year if the economy develops as intended and he said that rates have likely reached their peak. Those two facts themselves are not particularly newsworthy but perhaps it is newsworthy that he said them because fed funds futures markets have now pulled all remaining doubts about a summer rate cut from the table. As of this morning, markets have almost fully priced in a rate cut by the June 12th meeting.

Also giving markets some confidence that easing from the Fed is on its way was this week's jobs data which showed some softening in the U.S. labor market amidst a few signs of strength. The ADP National Employment Report on private payrolls showed that U.S. companies hired fewer than expected workers in February. ADP gives insight on private sector job growth using payroll data from ADP clients, which covers about 42% of the private sector. Forecasts were for a +150k print and the actual figure came in just shy at +140k, still an upward move from January but an underwhelming one.

The Job Openings and Labor Turnover Survey (JOLTS), which gives insight into worker movement, showed job openings were strong in the month of January, coming in at 8.863M vs. 8.850M survey. However, the prior month was revised down from 9.026M to 8.889M. This month's JOLTS release also included the annual revision of monthly data for the last five years which showed openings were revised down for most of 2023. JOLTS also showed that 3.39 million people voluntarily left their job in January, the lowest number in three years, suggesting workers have less confidence in their ability to find a new job in the current environment. That is good news for the inflation fight as wage pressures ease when workers are more inclined to stay in their current jobs.

The week's biggest news on the labor market came with this morning's release of the monthly Employment Situation Report, which is generally considered the most comprehensive indicator of the health of the U.S. labor market. The report combines data from two main surveys, the Household Survey, which focuses on the individual labor force status of people in the U.S. and provides data for the unemployment rate and the labor force participation rate, and the Establishment Survey, which collects data on the number of employees on the payrolls of businesses and government agencies and is used to calculate the nonfarm payrolls figure.

Interestingly, the two surveys gave us opposing signals on the health of the labor market in February, as has been the case for the last few months. Nonfarm payrolls came in better than expected, showing 275k job gains for the month (vs. 200k expected). The Household survey showed an entirely different picture, reporting a loss of 184k jobs for the month of February. This dichotomy has been a bit of a headscratcher for the last three months, with nonfarm payrolls numbers showing robust job gains and the Household Survey showing job losses. However, the past two months' nonfarm payrolls prints were revised down in today's report by a total of 167k. Last month's blowout 353k nonfarm payrolls gain that shocked markets was revised down by a massive 124k, suggesting the labor market was not as strong as the report originally reported.

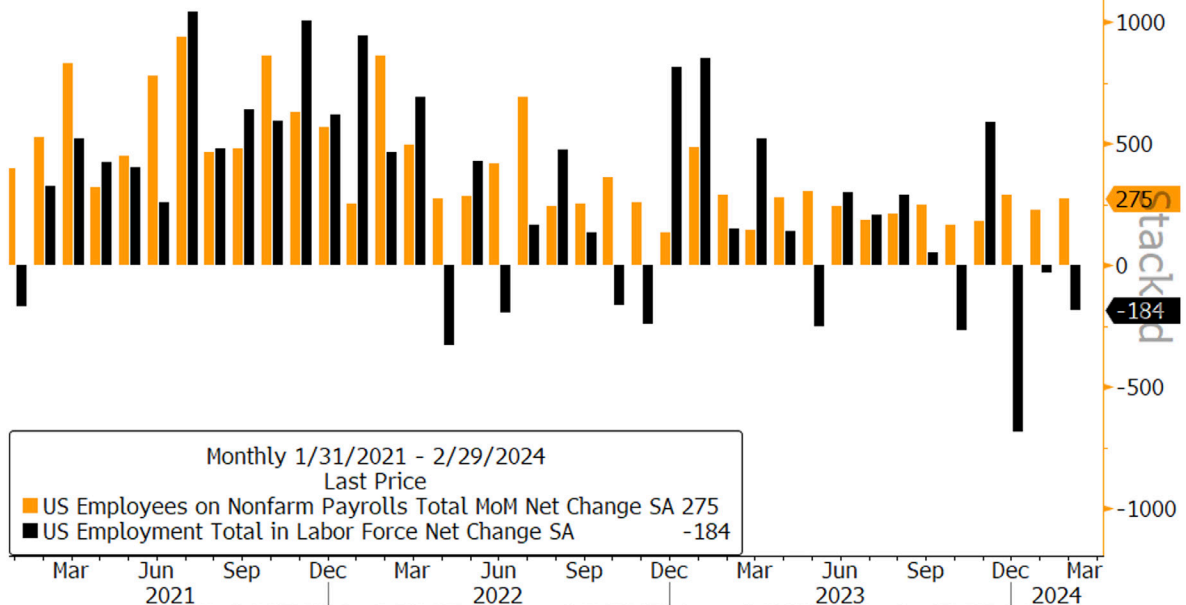
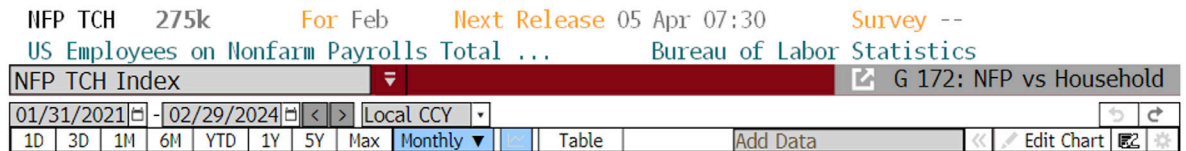
(Continued)



Andrea Pringle
 MBS Analyst/
 Financial Strategist
 The Baker Group LP
[Email](#)

The unemployment rate also unexpectedly jumped to 3.9% from 3.7% in January (and 3.7% expected). That marks the highest level of unemployment in two years. Notably, the increase in the unemployment rate came without a change in the labor force participation rate, which is the denominator in the unemployment rate calculation, which implies the increase came entirely from an uptick in the number of unemployed workers. The labor force participation rate remained unchanged at 62.5% for the month of February. Forecasts called for it to tick up to 62.6%.

Next week offers much to digest as well with the key inflation gauge, the Consumer Price Index (CPI) on Tuesday, and Retail Sales and Producer Prices on Thursday. Have a great weekend!



Source: Bloomberg, L.P.

UPCOMING EVENTS

Banks

Webinars:

[Q1 IRR Management Webinar](#)
 Mar 19, 2024

[Q2 Bank CC Webinar](#)
 Apr 4, 2024

Schools:

[Baker Bond School](#)
 Apr 9-10, 2024

[Baker ALM School](#)
 Aug 20-21, 2024

CUs

Webinars:

[Q2 CU CC Webinar](#)
 Apr 11, 2024

Schools:

[Baker CU Virtual Bond School](#)
 Mar 13-14, 2024

[Baker CU Virtual ALM School](#)
 Jul 24-25, 2024

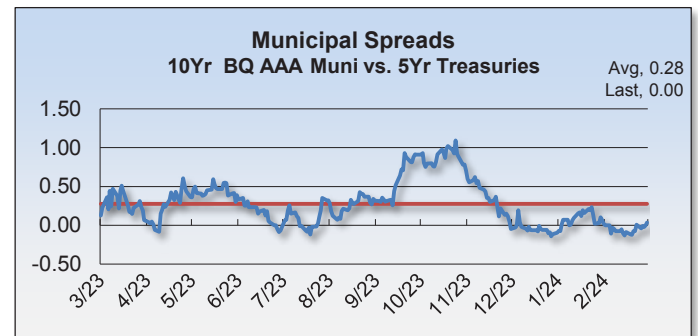
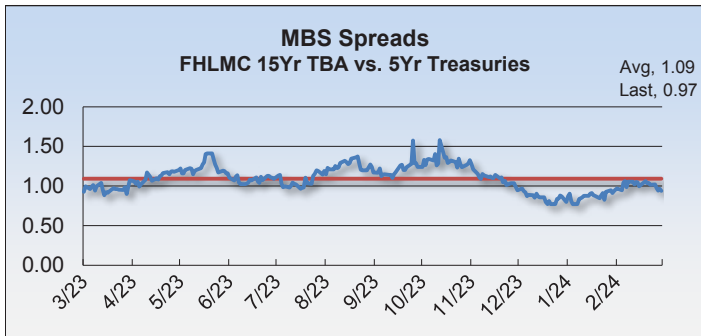
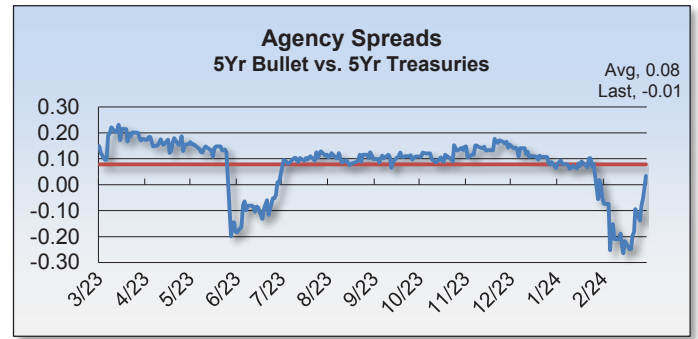
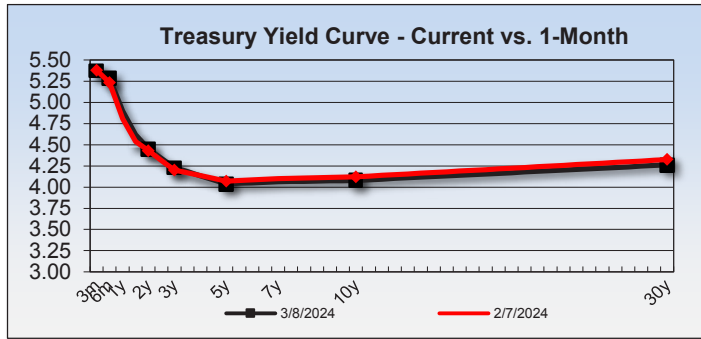
[Baker Bond School](#)
 Apr 9-10, 2024

[Baker ALM School](#)
 Aug 20-21, 2024

Banks and CUs

Seminar:

[Scottsdale, AZ 45th Anniversary Celebration Seminar](#)
 Nov 7-8, 2024



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	5.37	(0.00)	5.39	5.46	5.00	2yr	4.45	4.40	3.79	4.04	4.53	2Yr	5.25	5.25	5.25	-
6mo	5.29	(0.01)	5.27	5.53	5.28	3yr	4.28	4.09	3.56	3.78	4.42	3Yr	5.03	5.03	5.00	5.02
1yr	4.90	(0.05)	4.85	5.40	5.24	5yr	4.07	3.83	3.36	3.58	4.20	5Yr	4.92	4.92	4.91	4.85
2yr	4.45	(0.08)	4.46	4.99	5.07	7yr	4.20	3.74	3.33	3.55	4.46	7Yr	4.94	4.96	4.95	4.89
3yr	4.23	(0.10)	4.24	4.70	4.83	10yr	4.27	3.70	3.36	3.58	4.49	10Yr	5.01	5.06	5.05	4.99
5yr	4.04	(0.12)	4.12	4.40	4.35	15yr	4.35	3.71	4.02	4.28	4.61	April TBA MBS				
7yr	4.06	(0.13)	4.15	4.36	4.20	20yr	4.42	3.68	4.55	4.84	4.95	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.08	(0.10)	4.16	4.27	3.99	25yr	4.50	3.59	4.77	5.08	5.01	3.00	5.03	5.3y	4.98	
30yr	4.26	(0.07)	4.35	4.34	3.89	30yr	4.50	3.49	5.00	5.32	5.06	3.50	4.79	5.2y		
												4.00	4.71	5.2y	5.08	9.4y
												4.50	4.80	5.2y	5.20	9.1y
												5.00			5.35	8.2y
												5.50			5.52	7.1y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.50	4.75
Primary Discount	5.50	--	5.50	5.50	4.75
2ndary Discount	6.00	--	6.00	6.00	5.25
Prime Rate	8.50	--	8.50	8.50	7.75
Sec. O.N. Finance	5.31	(0.01)	5.31	5.31	--
1 Month LIBOR	5.43	(0.01)	5.44	5.44	4.71
3 Month LIBOR	5.59	(0.02)	5.58	5.66	5.01
6 Month LIBOR	5.67	(0.04)	5.64	5.88	5.33
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.33	(0.06)	5.30	5.83	5.50
1 Year CMT	4.93	(0.08)	4.83	5.40	5.22
REPO O/N	5.37	--	5.38	5.33	4.57
REPO 1Wk	5.36	0.01	5.35	5.37	4.61
CoF Federal	3.855	--	3.848	3.544	2.794
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.50	5.52	5.52
6mo	5.40	5.37	5.43
1yr	5.00	4.99	5.16
2yr	4.53	4.57	4.62
3yr	4.32	4.38	4.40
4yr	4.23	4.30	4.31
5yr	4.15	4.22	4.22
7yr	4.32	4.42	4.39
10yr	4.45	4.56	4.52
5yr Am	4.15		4.43
10yr Am	4.21		4.48

Fed Fund Futures	
Maturity	Rate
Mar-24	5.325
Apr-24	5.325
May-24	5.260
Jun-24	5.150
Jul-24	5.080
Aug-24	4.915
Sep-24	4.825
Oct-24	4.695
Nov-24	4.580
Dec-24	4.465
Jan-25	4.340

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
3/5	S&P Global US Services PMI	Feb F	51.4	52.3	51.3	--
3/5	S&P Global US Composite PMI	Feb F	51.4	52.5	51.4	--
3/5	Factory Orders	Jan	-2.9%	-3.6%	0.2%	-0.3%
3/5	Factory Orders Ex Trans	Jan	-0.1%	-0.8%	0.4%	-0.3%
3/5	Durable Goods Orders	Jan F	-6.1%	-6.2%	-6.1%	--
3/5	Durables Ex Transportation	Jan F	-0.3%	-0.4%	-0.3%	--
3/5	Cap Goods Orders Nondef Ex Air	Jan F	0.1%	0.0%	0.1%	--
3/5	Cap Goods Ship Nondef Ex Air	Jan F	--	0.9%	0.8%	--
3/5	ISM Services Index	Feb	53.0	52.6	53.4	--
3/5	ISM Services Prices Paid	Feb	62.0	58.6	64.0	--
3/5	ISM Services Employment	Feb	51.4	48.0	50.5	--
3/5	ISM Services New Orders	Feb	54.4	56.1	55.0	--
3/6	MBA Mortgage Applications	3/1	--	9.7%	-5.6%	--
3/6	ADP Employment Change	Feb	150k	140k	407k	111k
3/6	JOLTS Job Openings	Jan	8850k	8863k	9026k	8889k
3/7	Challenger Job Cuts YoY	Feb	--	8.8%	-20.0%	--
3/7	Trade Balance	Jan	-\$63.5b	-\$67.4b	-\$62.2b	-\$64.2b
3/7	Nonfarm Productivity	4Q F	3.1%	3.2%	3.2%	--
3/7	Unit Labor Costs	4Q F	0.7%	0.4%	0.5%	--
3/7	Initial Jobless Claims	3/2	216k	217k	215k	217k
3/7	Continuing Claims	2/24	1880k	1906k	1905k	1898k
3/7	Household Change in Net Worth	4Q	--	\$4839b	-\$1342b	-\$1405b
3/7	Consumer Credit	Jan	\$10.000b	\$19.495b	\$1.561b	\$0.919b
3/8	Two-Month Payroll Net Revision	Feb	--	-167k	--	--
3/8	Change in Nonfarm Payrolls	Feb	200k	275k	353k	229k
3/8	Change in Private Payrolls	Feb	165k	223k	317k	177k
3/8	Change in Manufact. Payrolls	Feb	7k	-4k	23k	8k
3/8	Unemployment Rate	Feb	3.7%	3.9%	3.7%	--
3/8	Average Hourly Earnings MoM	Feb	0.2%	0.1%	0.6%	0.5%
3/8	Average Hourly Earnings YoY	Feb	4.3%	4.3%	4.5%	4.4%
3/8	Average Weekly Hours All Employees	Feb	34.3	34.3	34.1	34.2
3/8	Labor Force Participation Rate	Feb	62.6%	62.5%	62.5%	--
3/8	Underemployment Rate	Feb	--	7.3%	7.2%	--
3/11	NY Fed 1-Yr Inflation Expectations	Feb	--	--	3.0%	--
3/12	NFIB Small Business Optimism	Feb	90.6	--	89.9	--
3/12	CPI MoM	Feb	0.4%	--	0.3%	--
3/12	CPI Ex Food and Energy MoM	Feb	0.3%	--	0.4%	--
3/12	CPI YoY	Feb	3.1%	--	3.1%	--
3/12	CPI Ex Food and Energy YoY	Feb	3.7%	--	3.9%	--
3/12	CPI Index NSA	Feb	310.29	--	308.42	--
3/12	CPI Core Index SA	Feb	--	--	314.44	--
3/12	Real Avg Weekly Earnings YoY	Feb	--	--	-0.1%	0.1%
3/12	Real Avg Hourly Earning YoY	Feb	--	--	1.4%	1.3%
3/14	PPI Final Demand YoY	Feb	--	--	0.9%	--
3/14	PPI Ex Food and Energy YoY	Feb	--	--	2.0%	--
3/14	PPI Ex Food, Energy, Trade YoY	Feb	--	--	2.6%	--
3/14	Business Inventories	Jan	0.3%	--	0.4%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	12.3	13.0	12.3	9.9	11.1	17.0
FH/FN 15y	6.4	7.3	11.6	17.8	20.9	26.8
GN 15y	13.7	17.3	21.4	29.5	37.7	24.8
FH/FN 20y	5.3	6.2	7.1	9.1	10.1	14.1
FH/FN 30y	4.3	4.8	4.7	5.8	5.8	5.9
GN 30y	4.5	5.7	3.8	5.4	6.2	6.8
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.9	11.5	11.9	13.1	15.9	17.7
FH/FN 15y	7.0	8.1	10.7	14.8	13.6	19.9
GN 15y	9.3	12.0	12.5	13.3	13.0	15.9
FH/FN 20y	6.5	6.7	8.0	9.2	10.9	12.9
FH/FN 30y	5.8	6.1	6.9	8.1	9.3	10.5
GN 30y	6.1	6.8	8.6	9.4	9.1	11.2

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	146.90	(3.22)	149.10	147.83	137.43
Euro	1.10	0.01	1.08	1.07	1.05
Dollar Index	102.57	(1.30)	104.17	105.09	105.66
Major Stock Indices					
Dow Jones	38,957	(131)	38,726	34,577	32,798
S&P 500	5,179.0	41.9	4,997.9	4,457.5	3,992.0
NASDAQ	16,411.1	136	15,793.7	13,761.5	11,576.0
Commodities					
Gold	2,177.6	81.9	2,032.2	1,924.6	1,818.6
Crude Oil	78.72	(1.25)	76.22	87.51	76.66
Natural Gas	1.80	(0.03)	1.92	2.61	2.55
Wheat	520.8	-56.8	602.0	571.5	684.8
Corn	420.5	8.3	433.3	468.5	634.5

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	

INTENDED FOR INSTITUTIONAL INVESTORS ONLY. The data provided in these reports is for informational purposes only and is intended solely for your private use. Information herein is believed to be reliable but The Baker Group LP does not guarantee its completeness or accuracy. Opinions constitute our judgment and are subject to change without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors; if you have

Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 03/08/2024 9:16AM