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### UPCOMING EVENTS

#### Banks

##### Webinars:

[ALM Education Series](#)  
May 14, 16, 21, & 23,  
2024

[Q1 Bank Trends](#)  
May 15, 2024

##### Seminars:

[IL Seminar](#)  
Aug 5, 2024

##### Schools:

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

#### CU

##### Schools:

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

[Baker ALM School](#)  
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#### Banks and CUs

##### Seminar:

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

If the Fed's job of engineering a "soft landing" for the U.S. economy wasn't difficult enough, it just got a little trickier this week, potentially even adding a layer of political complexity to the Fed's policy making process. Wednesday's release of the Consumer Price Index (CPI) for the month of March showed inflation remained elevated once again. Headline CPI printed at 0.4% month-over-month (MoM) and 3.5% YoY. Core CPI, which strips out volatile food and energy prices in effort to better assess the underlying trend of inflation, came in similarly high, missing market expectations by a tenth of a point. Core CPI was up 0.4% MoM and 3.8% YoY vs. 0.3% and 3.7% expected.

The market's reaction to the miss was swift and strong, causing rates to jump across the curve. Intraday, the 10-year UST yield popped as much as 22bps and ended the day 18bps higher. It may seem like an over-reaction to an inflation miss of less than a tenth of a percentage point, but futures markets virtually wiped the chances of a June rate cut off the map in a single day. The monthly rise in U.S. CPI was 0.359%, which rounded up to 0.4% and barely missed the 0.3% forecast. The rounded print would have been in line with expectations had the number come in less than one basis point lower. However, the print was enough to spur doubt in the futures markets about whether the Fed will be able to cut rates at all this year.

With a summer rate cut seeming more uncertain, markets have begun to question the political optics around a first rate cut in September. The Fed prefers to avoid any potential question about their motives or perceived meddling in an election, which markets believe could complicate a September cut. The next FOMC meeting after September would come on November 7th, just days after the 2024 presidential election, causing some to worry the Fed may be on hold until then. But after a better-than-expected reading of producer inflation yesterday, futures markets are back to fully pricing in a rate cut by at least September, with the probabilities split between the first cut coming at the July or September meeting. However, further sticky inflation readings could complicate (at least the market's view of) the Fed's next move.

Markets were able to breathe a sigh of relief yesterday when the Producer Price Index (PPI) showed producer inflation coming in cooler than expected for the month of March. Headline PPI was up just 0.2% MoM vs. estimates of 0.3% and 2.1% YoY vs. 2.2% expected. Core PPI (excluding food and energy) printed mostly in line with expectations, up 0.2% MoM and up 2.4% YoY (vs. 2.3% survey). This was welcome news as producer prices are ultimately passed on to consumer prices and can help offer some insight into the trajectory of consumer inflation numbers.

(Continued)



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The softer producer price numbers and dovish comments from Fed speakers yesterday were enough to pull Treasury yields back off the new highs set for the year. The 2-year UST retreated from near 5% yesterday to 4.875% this morning and the 10-year UST has pulled back to 4.489% as of this writing. Next week will give us several readings on the state of the housing market as well as retail sales and manufacturing and production data. Have a great weekend!

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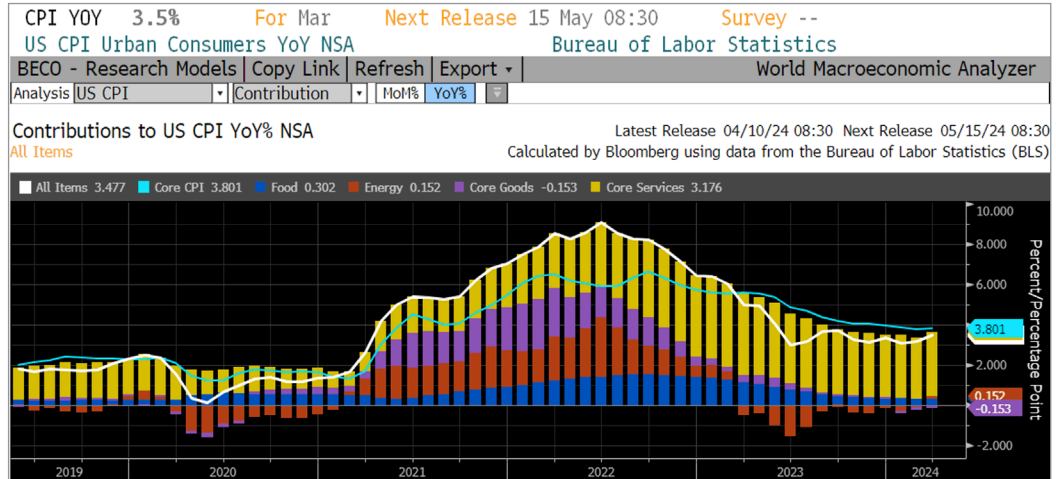
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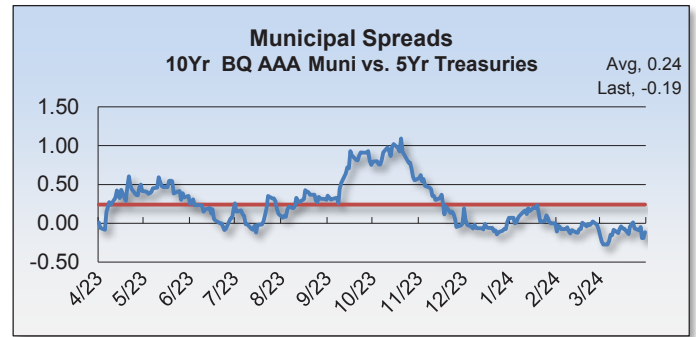
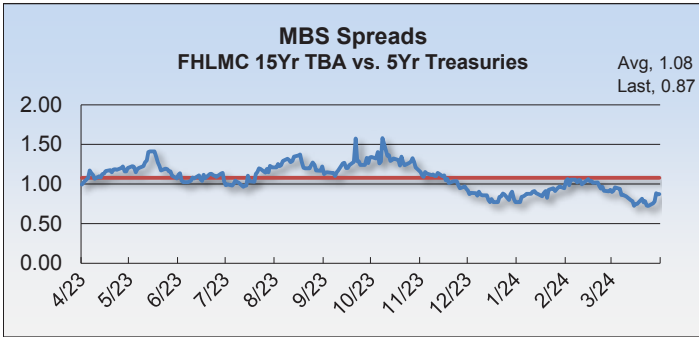
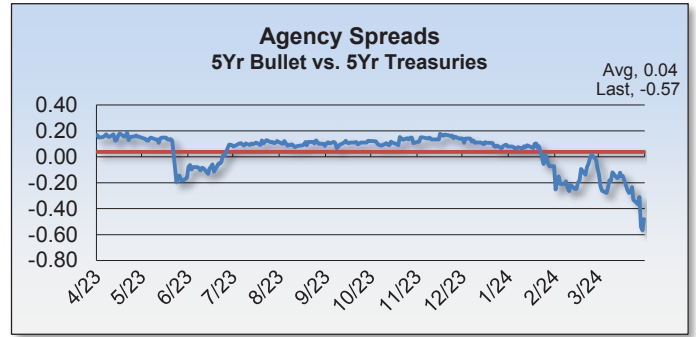
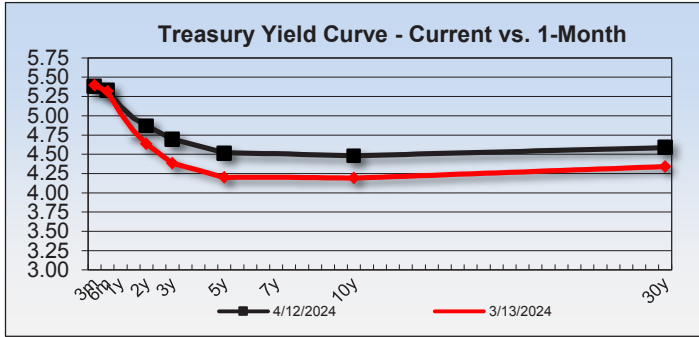
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Treasury Market -- Historical						Fixed Rate Market										
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Mty	Agency Calls - Euro			
			1 Mo	6 Mo	1 Yr				C-Corp <sup>2</sup>	S-Corp <sup>3</sup>			3Mo	6mo	1Yr	2Yr
3mo	5.38	0.01	5.39	5.51	5.01	2yr	4.92	4.84	4.41	4.69	5.03	2Yr	5.53	5.53	5.53	-
6mo	5.33	(0.00)	5.32	5.57	4.94	3yr	4.77	4.60	4.14	4.41	4.95	3Yr	5.31	5.32	5.30	5.31
1yr	5.12	0.06	5.00	5.41	4.66	5yr	4.59	4.33	3.85	4.10	4.79	5Yr	5.21	5.21	5.20	5.14
2yr	4.87	0.12	4.59	5.07	3.96	7yr	4.43	4.22	3.77	4.01	4.97	7Yr	5.22	5.24	5.23	5.16
3yr	4.70	0.13	4.33	4.85	3.80	10yr	4.66	4.15	3.81	4.05	4.98	10Yr	5.25	5.30	5.30	5.23
5yr	4.52	0.12	4.15	4.69	3.46	15yr	4.90	4.13	4.44	4.72	5.10	May TBA MBS				
7yr	4.51	0.10	4.16	4.72	3.43	20yr	5.13	4.08	4.96	5.27	5.36	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.48	0.08	4.15	4.70	3.39	25yr	5.37	3.98	5.18	5.51	5.42	3.00	5.64	5.3y	5.46	
30yr	4.59	0.03	4.31	4.86	3.63	30yr	5.37	3.87	5.40	5.75	5.47	3.50	5.31	5.3y	5.46	
												4.00	5.09	5.4y	5.51 9.7y	
												4.50	5.04	5.2y	5.57 9.9y	
												5.00			5.68 9.4y	
												5.50			5.88 8.2y	

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.50	5.00
Primary Discount	5.50	--	5.50	5.50	5.00
2ndary Discount	6.00	--	6.00	6.00	5.50
Prime Rate	8.50	--	8.50	8.50	8.00
Sec. O.N. Finance	5.31	(0.01)	5.31	5.31	--
1 Month LIBOR	5.43	(0.00)	5.43	5.46	4.90
3 Month LIBOR	5.56	(0.01)	5.58	5.69	5.20
6 Month LIBOR	5.66	(0.01)	5.66	5.91	5.24
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.37	0.04	5.39	5.73	5.23
1 Year CMT	5.17	0.17	4.95	5.38	4.67
REPO O/N	5.37	--	5.37	5.37	4.83
REPO 1Wk	5.39	0.03	5.35	5.37	4.86
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	5.49	5.53	5.53
6mo	5.46	5.44	5.52
1yr	5.23	5.22	5.41
2yr	4.97	5.02	5.12
3yr	4.82	4.87	4.96
4yr	4.74	4.80	4.87
5yr	4.67	4.73	4.79
7yr	4.79	4.87	4.91
10yr	4.84	4.95	4.96
5yr Am	4.15		4.97
10yr Am	4.21		4.98

Fed Fund Futures	
Maturity	Rate
Apr-24	5.328
May-24	5.315
Jun-24	5.280
Jul-24	5.255
Aug-24	5.165
Sep-24	5.120
Oct-24	5.050
Nov-24	4.995
Dec-24	4.925
Jan-25	4.850
Feb-25	4.770

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
4/8	NY Fed 1-Yr Inflation Expectations	Mar	--	3.00%	3.04%	--
4/9	NFIB Small Business Optimism	Mar	89.9	88.5	89.4	--
4/10	MBA Mortgage Applications	4/5	--	0.1%	-0.6%	--
4/10	CPI MoM	Mar	0.3%	0.4%	0.4%	--
4/10	CPI Ex Food and Energy MoM	Mar	0.3%	0.4%	0.4%	--
4/10	CPI YoY	Mar	3.4%	3.5%	3.2%	--
4/10	CPI Ex Food and Energy YoY	Mar	3.7%	3.8%	3.8%	--
4/10	CPI Index NSA	Mar	312.07	312.33	310.33	--
4/10	CPI Core Index SA	Mar	316.56	316.70	315.57	--
4/10	Real Avg Hourly Earning YoY	Mar	--	0.6%	1.1%	--
4/10	Real Avg Weekly Earnings YoY	Mar	--	0.6%	0.5%	--
4/10	Wholesale Inventories MoM	Feb F	0.5%	0.5%	0.5%	--
4/10	Wholesale Trade Sales MoM	Feb	0.8%	2.3%	-1.7%	-1.4%
4/10	Monthly Budget Statement	Mar	-\$223.0b	-\$236.5b	-\$378.1b	-\$378.4b
4/11	PPI Final Demand MoM	Mar	0.3%	0.2%	0.6%	--
4/11	PPI Ex Food and Energy MoM	Mar	0.2%	0.2%	0.3%	--
4/11	PPI Ex Food, Energy, Trade MoM	Mar	0.2%	0.2%	0.4%	0.3%
4/11	PPI Final Demand YoY	Mar	2.2%	2.1%	1.6%	--
4/11	PPI Ex Food and Energy YoY	Mar	2.3%	2.4%	2.0%	2.1%
4/11	PPI Ex Food, Energy, Trade YoY	Mar	--	2.8%	2.8%	2.7%
4/11	Initial Jobless Claims	4/6	215k	211k	221k	222k
4/11	Continuing Claims	3/30	1800k	1817k	1791k	1789k
4/12	Import Price Index MoM	Mar	0.3%	0.4%	0.3%	--
4/12	Import Price Index ex Petroleum MoM	Mar	0.1%	0.0%	0.2%	0.1%
4/12	Import Price Index YoY	Mar	0.3%	0.4%	-0.8%	-0.9%
4/12	Export Price Index MoM	Mar	0.3%	0.3%	0.8%	0.7%
4/12	Export Price Index YoY	Mar	-1.2%	-1.4%	-1.8%	-2.0%
4/12	U. of Mich. Sentiment	Apr P	79.0	77.9	79.4	--
4/12	U. of Mich. Current Conditions	Apr P	81.9	79.3	82.5	--
4/12	U. of Mich. Expectations	Apr P	78.0	77.0	77.4	--
4/12	U. of Mich. 1 Yr Inflation	Apr P	2.9%	3.1%	2.9%	--
4/12	U. of Mich. 5-10 Yr Inflation	Apr P	2.8%	3.0%	2.8%	--
4/15	Empire Manufacturing	Apr	-5.0	--	-20.9	--
4/15	Retail Sales Ex Auto MoM	Mar	0.5%	--	0.3%	--
4/15	Retail Sales Ex Auto and Gas	Mar	0.3%	--	0.3%	--
4/15	Retail Sales Control Group	Mar	0.3%	--	0.0%	--
4/15	Business Inventories	Feb	0.3%	--	0.0%	--
4/15	NAHB Housing Market Index	Apr	52	--	51	--
4/16	Building Permits	Mar	1520k	--	1518k	1524k
4/16	Housing Starts	Mar	1480k	--	1521k	--
4/16	Capacity Utilization	Mar	78.5%	--	78.3%	--
4/16	Manufacturing (SIC) Production	Mar	0.1%	--	0.8%	--
4/17	Total Net TIC Flows	Feb	--	--	-\$8.8b	--
4/17	Net Long-term TIC Flows	Feb	--	--	\$36.1b	--
4/18	Philadelphia Fed Business Outlook	Apr	0.0	--	3.2	--
4/18	Leading Index	Mar	--	--	0.1%	--
4/18	Existing Home Sales	Mar	4.16m	--	4.38m	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	13.1	14.5	12.7	12.8	16.6	20.2
FH/FN 15y	7.1	7.7	12.4	19.2	23.4	28.4
GN 15y	15.0	17.5	22.6	29.2	36.8	43.2
FH/FN 20y	5.6	6.5	7.5	9.7	11.6	15.5
FH/FN 30y	3.3	5.0	5.2	4.8	5.4	4.7
GN 30y	4.8	5.1	3.3	5.5	6.0	6.8
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.9	11.3	11.7	12.7	14.9	16.5
FH/FN 15y	7.0	7.4	9.8	14.5	13.1	17.6
GN 15y	8.9	10.7	10.8	11.5	12.9	16.1
FH/FN 20y	6.4	6.5	7.2	8.3	10.0	11.6
FH/FN 30y	5.6	5.9	6.3	7.0	7.9	9.7
GN 30y	6.0	6.7	8.0	8.2	8.9	10.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	152.86	1.24	147.33	149.16	133.73
Euro	1.06	(0.02)	1.09	1.06	1.09
Dollar Index	105.99	1.69	102.96	106.60	101.50
<b>Major Stock Indices</b>					
Dow Jones	38,216	(688)	39,005	33,631	33,647
S&P 500	5,172.9	(31.4)	5,175.3	4,349.6	4,092.0
NASDAQ	16,306.9	58	16,265.6	13,574.2	11,929.3
<b>Commodities</b>					
Gold	2,403.3	77.6	2,166.1	1,869.3	2,010.9
Crude Oil	87.06	0.15	77.56	82.91	83.26
Natural Gas	1.76	(0.03)	1.71	3.34	2.09
Wheat	555.5	-11.8	535.5	571.5	679.5
Corn	435.0	0.8	429.0	496.0	656.0

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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