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UPCOMING EVENTS

Banks

Webinars:

[Q3 Bank Trends](#)
Nov 13, 2024

Banks and CUs

Seminar:

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

Welcome back to another weekly market update by yours truly, Rachel. We are still seeing the aftermath of the destruction that was caused by hurricanes Helene and Milton in Florida. US retail sales numbers, US Empire State Manufacturing Index, US Jobless Claims numbers, and the NAHB Market Index are some of the main topics I am discussing in this week's market update.

US Retail sales strengthened in September by more than forecast in a broad advance, illustrating resilient consumer spending that continues to power the economy. The value of the retail purchases, unadjusted for inflation, increased 0.4% after a 0.1% gain in August. Excluding autos and gasoline stations, sales climbed 0.7%. The sales figures cap another likely quarter of solid economic growth and consumer demand fueled by a hardy labor market. While the retail figures offered a straight-forward momentum in the economy, separate releases Thursday indicate something of the opposite. Industrial production declined in September, largely due to a pair of hurricanes and a strike at Boeing Co. Applications for jobless benefits fell a week after a steep increase due to hurricane Helene, as well as some cutbacks in the auto industry that boosted unemployment insurance claims in the Midwest earlier this month.

The Empire State manufacturing index fell and pointed back toward contraction in October. This is likely due to labor strikes around the time of the survey, and bad weather in other parts of the US, likely contributed to the weakness. However, that could prove only temporary as firms grew more optimistic about future conditions. October's headline index for the Empire State survey was -11.9 – below the consensus expectation for 3.6. That came after the index had swung back into expansion in September, at +11.5. New orders and shipments both fell significantly, flipping from expansion to contraction. Employment was a relative bright spot, with the number of employees rising and pointing toward expansion for the first time since October 2023. The brief port strike earlier this month likely weighed somewhat on the survey, particularly the supply-availability index, which fell 5.4 points to -7.5. The Empire survey was distributed to firms October 1st, with responses collected from October 2-9. The longshoremen strike lasted from October 1-3, but the impact on cargo backlogs could last as long as a month. Despite the weak assessment of current conditions, firms became more optimistic about the outlook.

We saw the US Jobless Claims drop after a jump the week prior, which was due to storms. Applications for US unemployment benefits unexpectedly fell after jumping the previous week in southeastern states affected by hurricane Helene, and data will probably remain volatile in the coming weeks. Initial claims decreased by 19,000 to 241,000. Continuing claims, a proxy number for people receiving benefits, increased to 1.87 million in the previous week to the highest since July, according to Labor Department data released on Thursday. The damage done by Helene and hurricane Milton, which hit Florida two weeks later, has left many people unable to work and possibly unable to file for benefits. That means claims will continue to fluctuate in the near term, although economists anticipate this volatility will eventually subside. Up until this point, weekly filings were subdued, in part because the number of Americans losing their jobs was relatively low. Another reason behind the drop in initial filings was a sizeable drop in Michigan, on an unadjusted basis. Claims in the state declined by the most since February 2022 after jumping by a large amount in the two previous weeks due to layoffs in manufacturing.

(Continued)



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The NAHB Market Index was a topic this week where we saw US home builders jump to a four month high this month, with the prospect of lower mortgage rates fueling optimism about demand for new houses in the coming year. After the Federal Reserve lowered interest rates by half a percentage point last month, labor market and inflation data have come in stronger than expected and policymakers have talked of a more gradual approach going forward. That's led to an uptick in mortgage rates, which have crept up from two-year low they reached in September. "We are forecasting uneven declines for mortgage interest rates in the coming quarters, which will improve housing demand but place stress on building lot supplies due to tight lending conditions for development construction loans." NAHB Chief Economist Robert Dietz said in a prepared statement. While new-homes sales have ebbed and flowed over 2024, the biggest builders have been solidly profitable and take market share from smaller companies, who generally have higher borrowing costs. Builders are already looking forward to the vital spring selling season, with the expectation that lower borrowing costs will bring new customers into the market.

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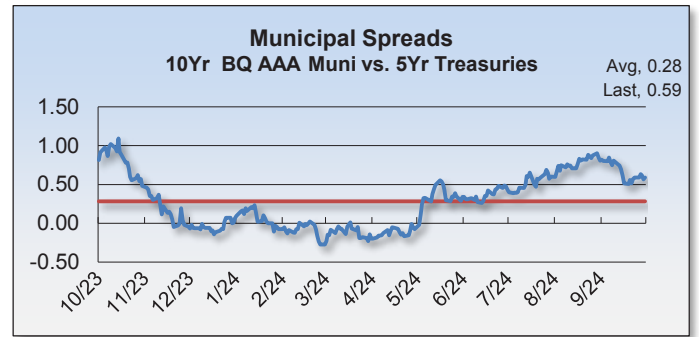
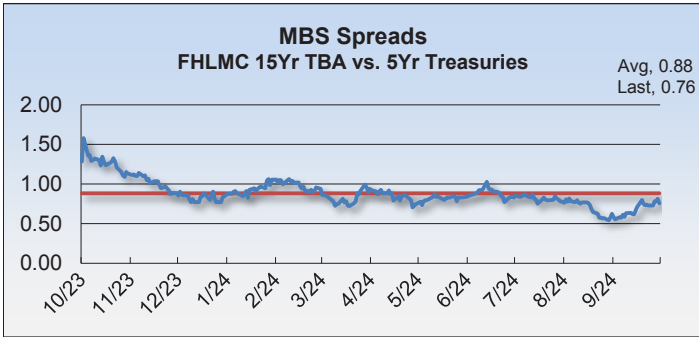
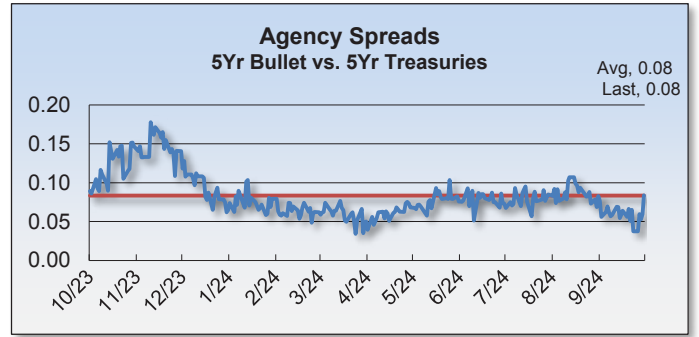
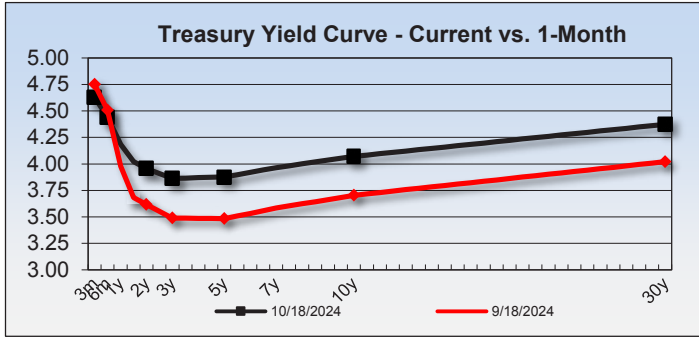
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Next week we will see more information and data being released on new home sales, existing home sales, durable goods orders, and the S&P Global US PMI (Manufacturing, Services, and Composite) numbers. Happy Friday everyone! Enjoy your weekends!



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	4.63	(0.01)	4.76	5.41	5.50	2yr	3.99	3.77	3.46	3.68	4.12	2Yr				
6mo	4.44	(0.01)	4.51	5.37	5.58	3yr	3.90	3.65	3.36	3.58	4.10	3Yr				
1yr	4.18	(0.00)	3.98	5.18	5.46	5yr	3.95	3.58	3.42	3.64	4.07	5Yr				
2yr	3.95	(0.00)	3.62	4.99	5.22	7yr	4.09	3.59	3.60	3.83	4.27	7Yr				
3yr	3.86	(0.01)	3.49	4.82	5.13	10yr	4.25	3.63	3.89	4.14	4.50	10Yr				
5yr	3.88	(0.03)	3.48	4.68	4.93	15yr	4.41	3.71	4.20	4.47	4.65					
7yr	3.96	(0.03)	3.58	4.66	4.96	20yr	4.57	3.72	4.70	5.01	5.12					
10yr	4.07	(0.03)	3.70	4.63	4.92	25yr	4.73	3.66	4.91	5.23	5.18					
30yr	4.37	(0.04)	4.02	4.73	5.00	30yr		3.59	5.12	5.45	5.23					

Cpn	November TBA MBS			
	15Yr -Yld/AL	30Yr -Yld/AL		
2.50	4.82	5.0y	4.77	
3.00	4.83	4.9y		
3.50	4.51	4.8y	4.93	9.2y
4.00	4.48	4.8y	4.97	8.9y
4.50			5.08	9.2y
5.00			5.27	7.8y

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.00	--	5.00	5.50	5.50
Primary Discount	5.00	--	5.50	5.50	5.50
2ndary Discount	5.50	--	6.00	6.00	6.00
Prime Rate	8.00	--	8.50	8.50	8.50
Sec. O.N. Finance	4.85	0.03	5.38	5.31	--
1 Month LIBOR	4.96	(0.01)	5.31	5.44	5.43
3 Month LIBOR	4.85	(0.08)	5.28	5.56	5.66
6 Month LIBOR	4.68	(0.08)	5.14	5.65	5.90
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	4.53	(0.03)	4.62	5.37	5.75
1 Year CMT	4.21	(0.01)	3.99	5.16	5.48
REPO O/N	4.91	0.03	5.42	5.37	5.37
REPO 1Wk	4.88	(0.00)	5.03	5.35	5.37
CoF Federal	3.942	--	3.988	3.893	3.743
11th D. CoF (Aug)	3.259	--	3.274	3.160	2.969

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	4.78	4.81	4.82
6mo	4.57	4.58	4.63
1yr	4.29	4.29	4.44
2yr	4.04	4.10	4.17
3yr	3.97	4.02	4.08
4yr	3.98	4.04	4.08
5yr	4.01	4.06	4.10
7yr	4.27	4.34	4.35
10yr	4.48	4.58	4.55
5yr Am	4.15		4.16
10yr Am	4.21		4.40

Fed Fund Futures		
Maturity	Rate	
Oct-24	4.828	
Nov-24	4.650	
Dec-24	4.510	
Jan-25	4.380	
Feb-25	4.210	
Mar-25	4.120	
Apr-25	3.980	
May-25	3.845	
Jun-25	3.740	
Jul-25	3.630	
Aug-25	3.535	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/15	Empire Manufacturing	Oct	3.6	-11.9	11.5	--
10/15	NY Fed 1-Yr Inflation Expectations	Sep	--	3%	3%	--
10/16	MBA Mortgage Applications	10/11	--	-17.0%	-5.1%	--
10/16	New York Fed Services Business Activity	Oct	--	-2.2	0.5	--
10/16	Import Price Index MoM	Sep	-0.3%	-0.4%	-0.3%	-0.2%
10/16	Import Price Index ex Petroleum MoM	Sep	0.1%	0.2%	-0.1%	0.0%
10/16	Import Price Index YoY	Sep	0.0%	-0.1%	0.8%	--
10/16	Export Price Index MoM	Sep	-0.4%	-0.7%	-0.7%	-0.9%
10/16	Export Price Index YoY	Sep	-0.9%	-2.1%	-0.7%	-0.9%
10/17	Retail Sales Advance MoM	Sep	0.3%	0.4%	0.1%	--
10/17	Retail Sales Ex Auto MoM	Sep	0.1%	0.5%	0.1%	0.2%
10/17	Retail Sales Ex Auto and Gas	Sep	0.3%	0.7%	0.2%	0.3%
10/17	Retail Sales Control Group	Sep	0.3%	0.7%	0.3%	--
10/17	Philadelphia Fed Business Outlook	Oct	3.0	10.3	1.7	--
10/17	Initial Jobless Claims	10/12	259k	241k	258k	260k
10/17	Continuing Claims	10/5	1865k	1867k	1861k	1858k
10/17	Industrial Production MoM	Sep	-0.2%	-0.3%	0.8%	0.3%
10/17	Capacity Utilization	Sep	77.8%	77.5%	78.0%	77.8%
10/17	Manufacturing (SIC) Production	Sep	-0.1%	-0.4%	0.9%	0.5%
10/17	Business Inventories	Aug	0.3%	0.3%	0.4%	0.3%
10/17	NAHB Housing Market Index	Oct	42	43	41	--
10/17	Total Net TIC Flows	Aug	--	\$79.2b	\$156.5b	\$159.1b
10/17	Net Long-term TIC Flows	Aug	--	\$111.4b	\$135.4b	\$137.9b
10/18	Housing Starts	Sep	1350k	1354k	1356k	1361k
10/18	Building Permits	Sep	1460k	1428k	1475k	1470k
10/18	Housing Starts MoM	Sep	-0.4%	-0.5%	9.6%	7.8%
10/18	Building Permits MoM	Sep	-0.7%	-2.9%	4.9%	4.6%
10/21	Leading Index	Sep	-0.3%	--	-0.2%	--
10/22	Richmond Fed Manuf. Index	Oct	--	--	-21	--
10/22	Richmond Fed Business Conditions	Oct	--	--	-3	--
10/23	Existing Home Sales	Sep	3.90m	--	3.86m	--
10/23	Existing Home Sales MoM	Sep	1.0%	--	-2.5%	--
10/24	Chicago Fed Nat Activity Index	Sep	--	--	12%	--
10/24	S&P Global US Manufacturing PMI	Oct P	--	--	47.3	--
10/24	S&P Global US Services PMI	Oct P	--	--	55.2	--
10/24	S&P Global US Composite PMI	Oct P	--	--	54.0	--
10/24	New Home Sales	Sep	713k	--	716k	--
10/24	New Home Sales MoM	Sep	-0.4%	--	-4.7%	--
10/25	Durable Goods Orders	Sep P	-1.0%	--	0.0%	--
10/25	Durables Ex Transportation	Sep P	-0.1%	--	0.5%	--
10/25	Cap Goods Orders Nondef Ex Air	Sep P	--	--	0.3%	--
10/25	Cap Goods Ship Nondef Ex Air	Sep P	--	--	-0.1%	--
10/25	U. of Mich. Sentiment	Oct F	69.5	--	68.9	--
10/25	U. of Mich. Current Conditions	Oct F	--	--	62.7	--
10/25	U. of Mich. Expectations	Oct F	--	--	72.9	--
10/25	U. of Mich. 1 Yr Inflation	Oct F	--	--	2.9%	--
10/25	U. of Mich. 5-10 Yr Inflation	Oct F	--	--	3.0%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	12.7	14.5	14.7	14.0	15.0	19.0
FH/FN 15y	7.1	7.8	9.2	11.3	17.1	18.9
GN 15y	14.5	16.2	19.7	25.8	35.1	81.1
FH/FN 20y	5.6	6.8	7.4	8.3	10.5	12.4
FH/FN 30y	4.9	4.9	6.4	6.7	6.2	6.4
GN 30y	5.4	8.0	5.6	4.1	6.6	6.7
CPR Projections						
Type	2.5	3.0	3.5	4.0	4.5	5.0
FN 10y	10.0	11.2	12.4	13.3	15.2	19.5
FH/FN 15y	6.9	7.8	8.9	10.6	16.5	19.6
GN 15y	9.2	9.5	11.8	11.6	12.5	12.2
FH/FN 20y	6.1	7.1	7.9	8.9	10.0	12.7
FH/FN 30y	5.6	6.3	6.6	7.6	8.5	10.2
GN 30y	5.8	6.7	6.8	9.7	8.7	9.7

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	149.76	0.63	141.61	154.45	149.70
Euro	1.09	(0.01)	1.11	1.07	1.06
Dollar Index	103.56	0.67	100.60	106.15	106.57
Major Stock Indices					
Dow Jones	43,045	181	41,503	37,775	33,665
S&P 500	5,854.5	39.5	5,618.3	5,011.1	4,314.6
NASDAQ	18,487.3	144	17,573.3	15,601.5	13,314.3
Commodities					
Gold	2,691.0	70.4	2,568.9	2,371.7	1,922.7
Crude Oil	69.80	(5.76)	70.91	82.73	88.32
Natural Gas	2.30	(0.33)	2.28	1.76	3.06
Wheat	577.5	-21.5	575.8	536.8	580.3
Corn	407.0	-8.8	412.8	426.8	492.0

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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