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The Baker Group LP

UPCOMING EVENTS

Banks

Webinars:

Q3 Bank Trends

Nov 13, 2024

Q4 IRR Management

Dec 11, 2024

Banks and CUs

Seminar:

Scottsdale, AZ

45th Anniversary

Celebration Seminar

Nov 7-8, 2024

We end this dizzying, event-packed week with news this morning that the US economy added just 12k jobs in October, well short of the 100k gains forecast. That represents the smallest nonfarm payrolls growth in nearly four years. It is important to note that disruptions from hurricanes and strikes by aerospace factory workers are being blamed at least in part for denting US job growth. However, the significant variance vs. expectations and the large downward revision of the two prior months are quite notable. The previously released payrolls numbers for August and September were revised lower by a combined 112k.

Also notable in the nonfarm payrolls numbers was the 49k decline in temporary help services. Temporary services employment is viewed as a leading indicator for broader employment trends as companies tend to layoff temporary workers before cutting permanent, full-time workers.

The unemployment rate held steady at 4.1%, though the household survey, from which the unemployment rate is calculated, showed a loss of 368k jobs. The establishment survey (nonfarm payrolls) and the household survey (unemployment rate) differ in several key ways that can often lead to discrepancies between the two data sets.

Bond yields fell sharply after the release with the 2-year yield down 10bp to 4.08% and the 10-year down 5bp to 4.23%. However, the print did little to change Fed rate cut expectations with the market still pricing in a near 100% chance of a 25bp cut next week and around 80% chance of another 25bp cut in December.

To round out the labor market data this week, we saw JOLTS job openings (a measure of labor demand) fall short of expectations in the month of September to 7.44 million vs. 8 million expected by economists. That marks the lowest level since early 2021 as the labor market continues to slow. However, the ADP employment report, which offers insight into the private sector labor market, showed hiring accelerated by the most in over a year and exceeded survey estimates (+233k jobs vs. +111k expected).

Thursday's Halloween edition of the Fed's favored inflation reading, Personal Consumption Expenditures (PCE), was mercifully un-ghoulish. The headline PCE deflator came in as expected at +0.2% MoM, which brought the YoY inflation rate to +2.1% from +2.3% in August. The core (ex. food & energy) index, which carries more significance for the Fed, rose in line with expectations at +0.3% MoM, but that failed to lower the YoY inflation rate which held steady at +2.7% YoY, which is somewhat disappointing, but the fundamental inflation trend is still heading lower.

Finally, we saw a slight headline miss on third-quarter GDP this week with economic activity coming in at 2.8% growth vs. 2.9% survey. Though the pace was still robust, it marks a slight downturn from the 3.0% growth observed in the second quarter. The third quarter's growth was powered by an acceleration of household purchases and increased spending on defense by the federal government.

Unfortunately, there is no reprieve from the deluge of market moving events next week. We have both a presidential election as well as the next FOMC meeting and subsequent rate decision next week. We will also be celebrating The Baker Group's 45th Anniversary with a seminar in Scottsdale, AZ to

(Continued)



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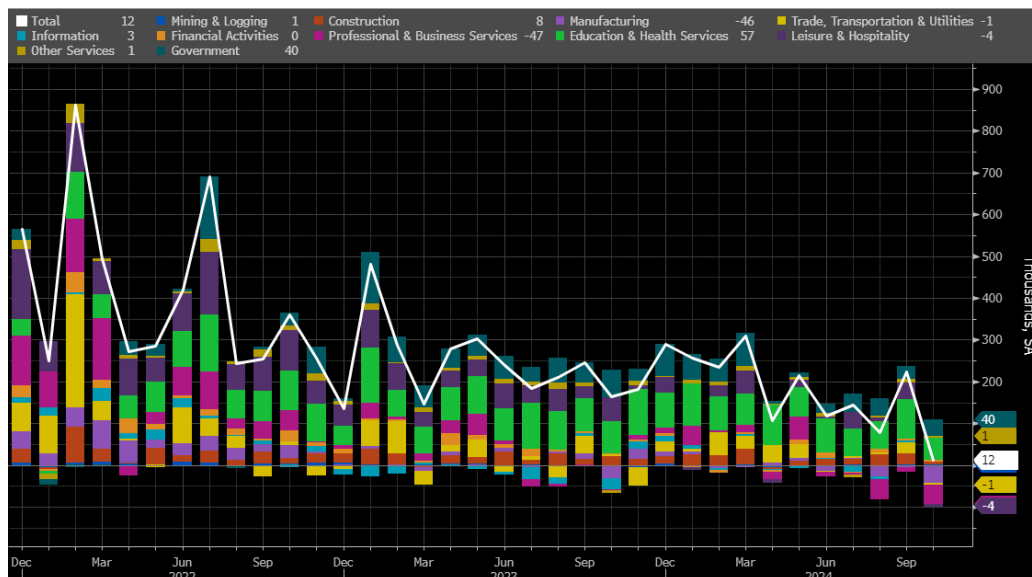
round out the week's exciting events. We look forward to celebrating with the clients and friends who are able to attend and hopefully to provide some valuable insight into the week's events. Have a great weekend!

NFP TCH	12k	For Oct	Next Release	06 Dec 08:30	Survey --
US Employees on Nonfarm Payrolls Total ... Bureau of Labor Statistics					
US Non-Farm Payrolls (NF) Browse Copy Link Refresh Export World Macroeconomic Analyzer					
Dimension	Default	Transform	Level	MoM	3 MoM 3M MA
Range	6M YTD 1Y 3Y 5Y 10Y MAX	12/2021	-	11/2024	Default-Monthly

Breakdown of US Non-Farm Payrolls MoM Net Change

Latest Release 11/01/24 08:30 Next Release 12/06/24 08:30

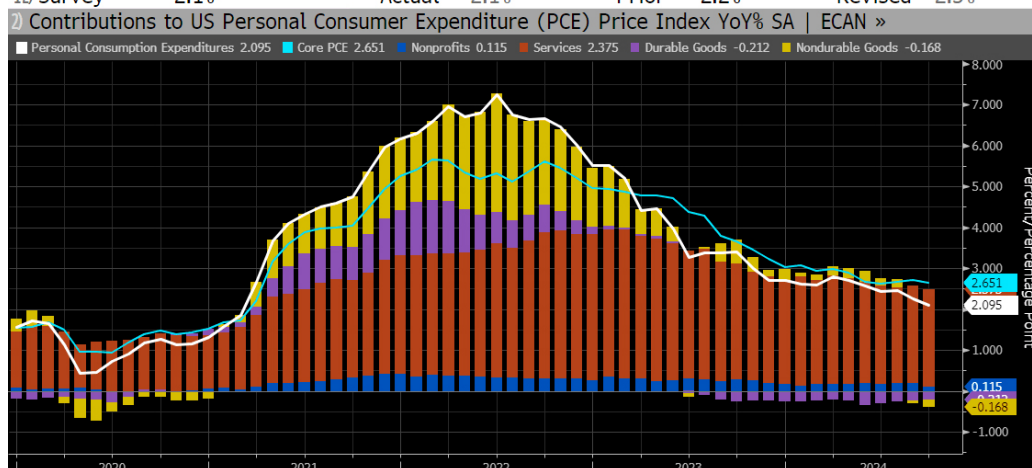
Data from the Bureau of Labor Statistics (BLS)



Source: Bloomberg, L.P.

PCE DEFY	2.1%	For Sep	Next Release	27 Nov 10:00	Survey --
US Personal Consumption Expenditures Ch... Bureau of Economic Analysis					
PCE DEFY Index 97 Alert Economic Release Details					

1) Security Description DES »					
Release Name	US Personal Consumption Expenditures Chain Type Price Index YoY SA »				
Country/Region	United States »				Source Bureau of Economic Analysis »
1) Release Time	10/31/2024 08:30	For	Sep		
2) Survey	2.1%	Actual	2.1%	Prior	2.2%
				Revised	2.3%



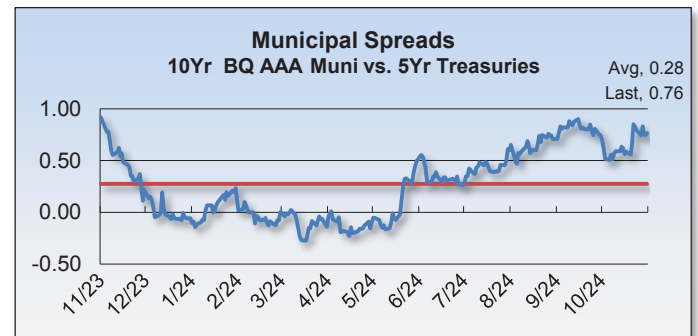
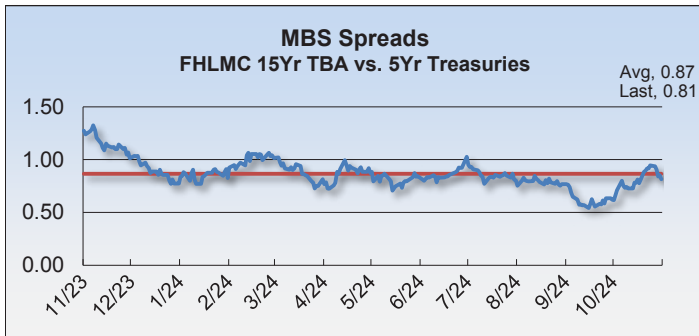
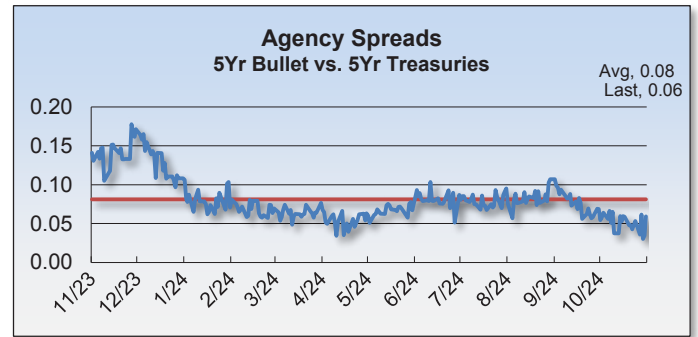
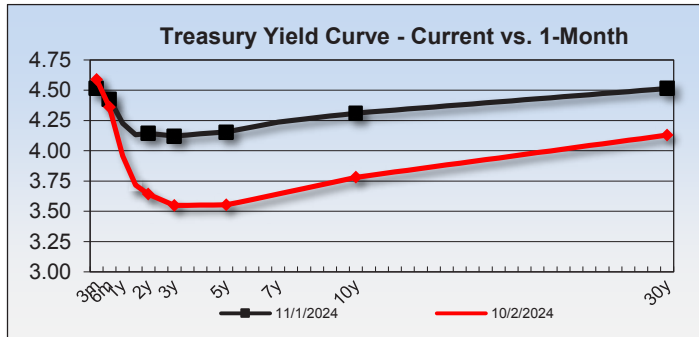
Source: Bloomberg, L.P.

Baker Market Update

Week in Review

The Baker Group

November 1, 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	4.51	(0.13)	4.58	5.41	5.46	2yr	4.14	3.96	3.77	4.01	4.30	2Yr					
6mo	4.43	(0.10)	4.36	5.40	5.53	3yr	4.11	3.87	3.67	3.90	4.31	3Yr					
1yr	4.23	(0.07)	3.98	5.21	5.37	5yr	4.20	3.80	3.75	3.99	4.32	5Yr					
2yr	4.14	0.04	3.61	4.96	4.95	7yr	4.32	3.78	3.92	4.17	4.49	7Yr					
3yr	4.12	0.07	3.51	4.81	4.85	10yr	4.46	3.78	4.21	4.48	4.68	10Yr					
5yr	4.16	0.09	3.51	4.65	4.65	15yr	4.60	3.82	4.54	4.83	4.83						December TBA MBS
7yr	4.24	0.09	3.60	4.64	4.73	20yr	4.75	3.80	5.01	5.33	5.21	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.31	0.07	3.73	4.63	4.74	25yr	4.90	3.73	5.22	5.55	5.27	2.50	5.12	5.0y	5.00		
30yr	4.51	0.01	4.07	4.75	4.93	30yr		3.64	5.42	5.77	5.32	3.00	5.20	5.0y			
* Interpolated													3.50	4.88	4.9y	5.19	9.6y
													4.00	4.82	4.9y	5.23	9.2y
													4.50			5.33	9.6y
													5.00			5.47	8.9y

* 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	--	5.00	5.50	5.50
2ndary Discount	5.50	--	5.50	6.00	6.00
Prime Rate	8.00	--	8.00	8.50	8.50
Sec. O.N. Finance	4.90	0.07	4.96	5.34	--
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	4.52	0.01	4.41	5.41	5.77
1 Year CMT	4.27	0.02	3.98	5.25	5.44
REPO O/N	4.94	0.06	4.86	5.37	5.33
REPO 1Wk	4.76	(0.15)	4.90	5.39	5.36
CoF Federal	3.942	--	3.988	3.893	3.743
11th D. CoF (Sep)	3.213	--	3.259	3.164	3.014

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	4.73	4.75	4.75
6mo	4.56	4.57	4.62
1yr	4.34	4.36	4.44
2yr	4.20	4.24	4.25
3yr	4.18	4.24	4.22
4yr	4.20	4.27	4.25
5yr	4.23	4.30	4.27
7yr	4.44	4.52	4.48
10yr	4.63	4.74	4.67
5yr Am	4.15		4.30
10yr Am	4.21		4.52

Fed Fund Futures	
Maturity	Rate
Nov-24	4.643
Dec-24	4.495
Jan-25	4.370
Jan-25	4.370
Mar-25	4.155
Apr-25	4.040
May-25	3.935
Jun-25	3.845
Jul-25	3.770
Aug-25	3.700
Sep-25	3.665

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Baker Market Update

Week in Review

November 1, 2024

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/29	Wholesale Inventories MoM	Sep P	0.1%	-0.1%	0.1%	0.2%
10/29	Retail Inventories MoM	Sep	0.5%	0.8%	0.5%	0.7%
10/29	FHFA House Price Index MoM	Aug	0.1%	0.3%	0.1%	0.2%
10/29	S&P CoreLogic CS 20-City MoM SA	Aug	0.20%	0.35%	0.27%	0.25%
10/29	S&P CoreLogic CS 20-City YoY NSA	Aug	5.10%	5.20%	5.92%	5.93%
10/29	S&P CoreLogic CS US HPI YoY NSA	Aug	--	4.25%	4.96%	4.85%
10/29	JOLTS Job Openings	Sep	8000k	7443k	8040k	7861k
10/29	Conf. Board Consumer Confidence	Oct	99.5	108.7	98.7	99.2
10/29	Conf. Board Present Situation	Oct	--	138.0	124.3	123.8
10/30	ADP Employment Change	Oct	111k	233k	143k	159k
10/30	GDP Annualized QoQ	3Q A	2.9%	2.8%	3.0%	--
10/30	GDP Price Index	3Q A	1.9%	1.8%	2.5%	--
10/30	Core PCE Price Index QoQ	3Q A	2.1%	2.2%	2.8%	--
10/31	Challenger Job Cuts YoY	Oct	--	50.9%	53.4%	--
10/31	Employment Cost Index	3Q	0.9%	0.8%	0.9%	--
10/31	Personal Income	Sep	0.3%	0.3%	0.2%	--
10/31	Real Personal Spending	Sep	0.3%	0.4%	0.1%	0.2%
10/31	PCE Price Index YoY	Sep	2.1%	2.1%	2.2%	2.3%
10/31	Core PCE Price Index YoY	Sep	2.6%	2.7%	2.7%	--
10/31	Initial Jobless Claims	10/26	230k	216k	227k	228k
10/31	Continuing Claims	10/19	1880k	1862k	1897k	1888k
10/31	MNI Chicago PMI	Oct	47.0	41.6	46.6	--
11/1	Change in Nonfarm Payrolls	Oct	100k	12k	254k	223k
11/1	Two-Month Payroll Net Revision	Oct	--	-112k	72k	--
11/1	Change in Private Payrolls	Oct	70k	-28k	223k	192k
11/1	Change in Manufact. Payrolls	Oct	-30k	-46k	-7k	-6k
11/1	Unemployment Rate	Oct	4.1%	4.1%	4.1%	--
11/1	Average Hourly Earnings MoM	Oct	0.3%	0.4%	0.4%	0.3%
11/1	Average Hourly Earnings YoY	Oct	4.0%	4.0%	4.0%	3.9%
11/1	Average Weekly Hours All Employees	Oct	34.2	34.3	34.2	34.3
11/1	Labor Force Participation Rate	Oct	62.7%	62.6%	62.7%	--
11/1	Underemployment Rate	Oct	--	7.7%	7.7%	--
11/1	S&P Global US Manufacturing PMI	Oct F	47.8	48.5	47.8	--
11/1	ISM Manufacturing	Oct	47.6	46.5	47.2	--
11/1	ISM Prices Paid	Oct	50.0	54.8	48.3	--
11/1	ISM New Orders	Oct	47.0	47.1	46.1	--
11/1	ISM Employment	Oct	45.0	44.4	43.9	--
11/5	ISM Services Index	Oct	53.5	--	54.9	--
11/5	ISM Services Prices Paid	Oct	--	--	59.4	--
11/5	ISM Services Employment	Oct	--	--	48.1	--
11/5	ISM Services New Orders	Oct	--	--	59.4	--
11/6	S&P Global US Services PMI	Oct F	55.3	--	55.3	--
11/6	S&P Global US Composite PMI	Oct F	--	--	54.3	--
11/7	Nonfarm Productivity	3Q P	2.3%	--	2.5%	--
11/7	FOMC Rate Decision (Upper Bound)	11/7	4.75%	--	5.00%	--
11/7	FOMC Rate Decision (Lower Bound)	11/7	--	--	4.75%	--
11/7	Fed Interest on Reserve Balances Rate	11/8	--	--	4.90%	--

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	9.4	10.4	11.7	12.7	14.2	17.4
FH/FN 15y	6.4	7.3	8.3	9.8	15.5	16.4
GN 15y	8.9	9.1	11.3	11.2	12.1	12.2
FH/FN 20y	6.0	6.1	7.1	8.0	9.2	11.3
FH/FN 30y	5.4	5.8	6.2	7.1	7.8	8.7
GN 30y	5.7	6.5	6.6	8.8	7.9	9.1

Other Markets					
Index	Current	1Wk	Historical		
		Chng	1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	152.68	0.37	143.74	157.91	151.20
Euro	1.09	0.01	1.11	1.07	1.05
Dollar Index	103.99	(0.27)	101.19	105.76	106.88
Major Stock Indices					
Dow Jones	42,152	37	42,157	37,903	33,275
S&P 500	5,750.3	(57.9)	5,708.8	5,018.4	4,237.9
NASDAQ	18,309.5	(209)	17,910.4	15,605.5	13,061.5
Commodities					
Gold	2,767.7	26.8	2,667.3	2,311.0	1,987.5
Crude Oil	71.08	(0.70)	69.83	79.00	80.44
Natural Gas	2.69	0.13	2.90	1.93	3.49
Wheat	573.3	4.3	599.0	581.5	561.8
Corn	414.8	-0.5	429.0	443.3	475.0

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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