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UPCOMING EVENTS

2025 Destination Seminar

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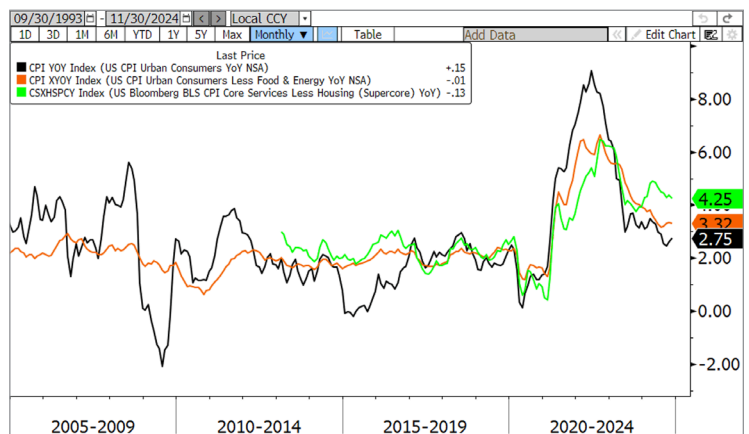
Treasury yields and the stock market are inching higher this morning driven by general optimism as we near year end; especially in the wake of this week's tame inflation readings which boost expectations of a Federal Reserve interest rate cut next week. Stocks posted a rally that led the Nasdaq to 20,000 for the first time this week and the S&P 500 to another record high. Gains have been driven by enthusiasm over artificial intelligence and rate-cut expectations.

Attention is now turning to the Federal Reserve's last policy meeting of the year, which begins on Tuesday. The central bank is poised to follow up November's 25 basis point rate cut with another cut of the same magnitude, which would take the fed funds range to 4.25%-4.5%. For 2025, futures markets are betting on just two more 25 bps cuts for the moment as uncertainty around a new administration and the Fed's responses leave investors with a lot of questions about the economy.

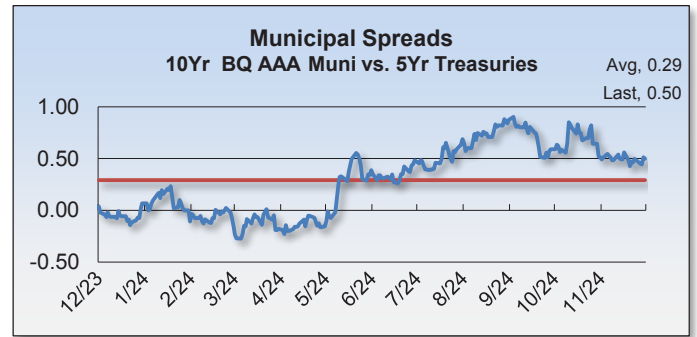
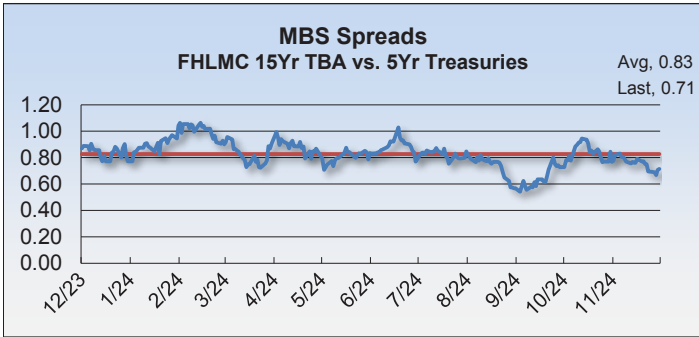
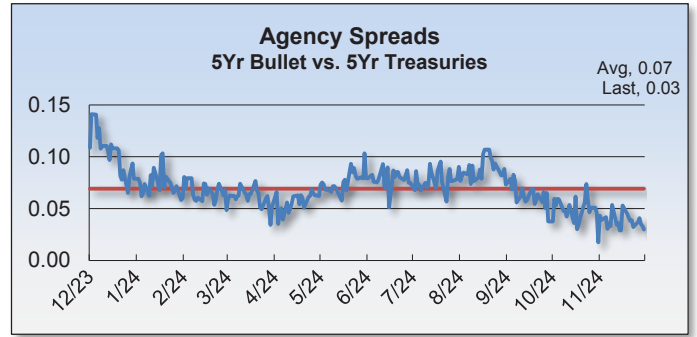
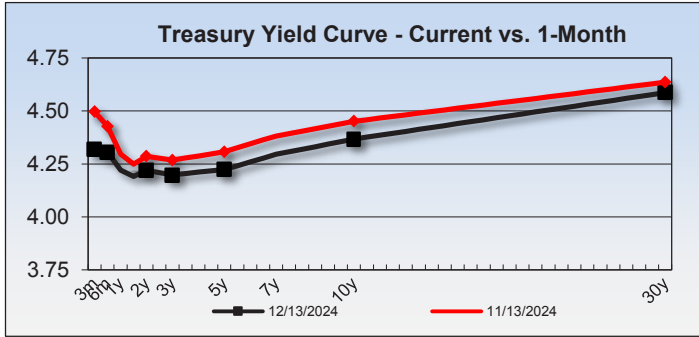
On Wednesday, the Bureau of Labor Statistics (BLS) reported that consumer inflation for November was in-line with economist projections. The Consumer Price Index (CPI) rose 0.3% for the month (est = 0.3%) and 2.7% for the year (est = 2.7%). Core CPI, which strips out volatile food and energy prices, also rose 0.3% (est = 0.3%) for the month and 3.3% (est = 3.3%) for the year. Although the headline increase was slightly faster than the prior month's increase of 2.6%, there were some positive signs in the underlying trend. Rents, one of the stickier components of inflation, rose at the slowest pace in nearly three and a half years. The rise in motor vehicle insurance, another stubborn category, also moderated. These factors helped slow the increase in services inflation, which has been the most persistent component of inflation. In fact, core services rose by the smallest annual rate since March of 2022.

On Thursday, the BLS reported that wholesale inflation unexpectedly accelerated in November. The Producer Price Index (PPI) rose 0.4% from a month earlier, the most since June, driven by a surge in egg prices. Economists pay close attention to the PPI report because several of its components feed into the Fed's preferred inflation measure, the Personal Consumption Expenditures (PCE) price index. Notably, the categories that contribute to the PCE measure, such as healthcare, portfolio management services, and airfares, showed favorable trends overall, suggesting that November's PCE increase may be more moderate. November PCE will be released on December 20th.

These inflation readings, as well as Thursday's filings for unemployment insurance, which showed an uptick in applications in the week after Thanksgiving, are among the last key indicators to be released before the Fed's policy meeting next week and have all but solidified a cut is to come on Wednesday. Also next week, several key readings on manufacturing, retail sales, housing, and GDP will be released as well as the highly anticipated PCE reading on Friday. Have a great weekend!



Source: Bloomberg, L.P.



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	4.32	(0.08)	4.50	5.39	5.38	2yr	4.21	4.01	3.63	3.86	4.32	2Yr					
6mo	4.31	(0.04)	4.43	5.35	5.31	3yr	4.19	3.94	3.61	3.84	4.32	3Yr					
1yr	4.22	0.04	4.30	5.08	4.91	5yr	4.29	3.86	3.72	3.96	4.33	5Yr					
2yr	4.22	0.11	4.29	4.70	4.43	7yr	4.37	3.83	3.78	4.02	4.50	7Yr					
3yr	4.20	0.14	4.27	4.43	4.28	10yr	4.53	3.84	4.00	4.26	4.70	10Yr					
5yr	4.22	0.19	4.31	4.24	3.97	15yr	4.69	3.89	4.30	4.57	4.83	January TBA MBS					
7yr	4.30	0.21	4.38	4.24	4.02	20yr	4.86	3.88	4.79	5.10	5.19	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.37	0.21	4.45	4.25	4.02	25yr	5.02	3.80	4.98	5.30	5.25	3.00	5.10	4.9y	5.20		
30yr	4.59	0.25	4.64	4.40	4.18	30yr		3.72	5.18	5.51	5.30	3.50	4.90	4.8y			
												4.00	4.82	4.8y	5.24	9.0y	
												4.50	4.80	5.3y	5.34	9.3y	
												5.00			5.48	8.3y	
												5.50			5.63	6.2y	

** Interpolated*

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	4.75	--	4.75	5.50	5.50
Primary Discount	4.75	--	4.75	5.50	5.50
2ndary Discount	5.25	--	5.25	6.00	6.00
Prime Rate	7.75	--	7.75	8.50	8.50
Sec. O.N. Finance	4.62	0.03	4.60	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	4.37	(0.08)	4.54	5.37	5.55
1 Year CMT	4.22	(0.01)	4.38	5.13	5.14
REPO O/N	4.69	0.04	4.84	5.39	5.36
REPO 1Wk	4.48	(0.13)	4.61	5.34	5.35
CoF Federal	3.834	--	3.942	3.927	3.814
11th D. CoF (Oct)	3.105	--	3.213	3.198	3.085

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	4.51	4.53	4.54
6mo	4.45	4.46	4.50
1yr	4.34	4.34	4.43
2yr	4.29	4.33	4.31
3yr	4.27	4.32	4.29
4yr	4.29	4.35	4.30
5yr	4.31	4.38	4.31
7yr	4.50	4.57	4.49
10yr	4.66	4.76	4.66
5yr Am	4.15		4.36
10yr Am	4.21		4.54

Fed Fund Futures		
Maturity	Rate	
Dec-24	4.483	
Jan-25	4.340	
Feb-25	4.290	
Mar-25	4.235	
Apr-25	4.150	
May-25	4.105	
Jun-25	4.050	
Jul-25	3.990	
Aug-25	3.940	
Sep-25	3.915	
Oct-25	3.880	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
12/9	NY Fed 1-Yr Inflation Expectations	Nov	2.97%	2.97%	2.87%	--
12/10	NFIB Small Business Optimism	Nov	95.3	101.7	93.7	--
12/10	Nonfarm Productivity	3Q F	2.2%	2.2%	2.2%	--
12/10	Unit Labor Costs	3Q F	1.3%	0.8%	1.9%	--
12/11	MBA Mortgage Applications	12/6	--	5.4%	2.8%	--
12/11	CPI MoM	Nov	0.3%	0.3%	0.2%	--
12/11	CPI Ex Food and Energy MoM	Nov	0.3%	0.3%	0.3%	--
12/11	CPI YoY	Nov	2.7%	2.7%	2.6%	--
12/11	CPI Ex Food and Energy YoY	Nov	3.3%	3.3%	3.3%	--
12/11	CPI Index NSA	Nov	315.34	315.49	315.66	--
12/11	CPI Core Index SA	Nov	322.49	322.66	321.67	--
12/11	Real Avg Hourly Earning YoY	Nov	--	1.3%	1.4%	--
12/11	Real Avg Weekly Earnings YoY	Nov	--	1.0%	1.4%	1.1%
12/12	PPI Final Demand MoM	Nov	0.2%	0.4%	0.2%	0.3%
12/12	PPI Ex Food and Energy MoM	Nov	0.2%	0.2%	0.3%	--
12/12	PPI Ex Food, Energy, Trade MoM	Nov	0.2%	0.1%	0.3%	--
12/12	PPI Final Demand YoY	Nov	2.6%	3.0%	2.4%	2.6%
12/12	PPI Ex Food and Energy YoY	Nov	3.2%	3.4%	3.4%	3.4%
12/12	PPI Ex Food, Energy, Trade YoY	Nov	--	3.5%	3.5%	--
12/12	Initial Jobless Claims	12/7	220k	242k	224k	225k
12/12	Continuing Claims	11/30	1877k	1886k	1871k	--
12/12	Household Change in Net Worth	3Q	--	\$4766b	\$2760b	\$2809b
12/13	Import Price Index MoM	Nov	-0.2%	0.1%	0.3%	0.1%
12/13	Import Price Index ex Petroleum MoM	Nov	0.0%	0.2%	0.2%	--
12/13	Import Price Index YoY	Nov	1.0%	1.3%	0.8%	0.6%
12/13	Export Price Index MoM	Nov	-0.3%	0.0%	0.8%	1.0%
12/13	Export Price Index YoY	Nov	0.3%	0.8%	-0.1%	0.1%
12/16	Empire Manufacturing	Dec	6.6	--	31.2	--
12/16	S&P Global US Manufacturing PMI	Dec P	--	--	49.7	--
12/16	S&P Global US Services PMI	Dec P	--	--	56.1	--
12/16	S&P Global US Composite PMI	Dec P	--	--	54.9	--
12/17	Retail Sales Ex Auto and Gas	Nov	0.4%	--	0.1%	--
12/17	Retail Sales Control Group	Nov	0.4%	--	-0.1%	--
12/17	New York Fed Services Business Activit	Dec	--	--	-0.5	--
12/17	Capacity Utilization	Nov	77.3%	--	77.1%	--
12/17	Manufacturing (SIC) Production	Nov	0.4%	--	-0.5%	--
12/17	NAHB Housing Market Index	Dec	47	--	46	--
12/18	FOMC Rate Decision (Upper Bound)	12/18	4.50%	--	4.75%	--
12/18	FOMC Rate Decision (Lower Bound)	12/18	4.25%	--	4.50%	--
12/18	Fed Interest on Reserve Balances Rate	12/19	4.40%	--	4.65%	--
12/19	GDP Price Index	3Q T	1.9%	--	1.9%	--
12/19	Core PCE Price Index QoQ	3Q T	--	--	2.1%	--
12/19	Leading Index	Nov	-0.1%	--	-0.4%	--
12/19	Total Net TIC Flows	Oct	--	--	\$398.4b	--
12/19	Net Long-term TIC Flows	Oct	--	--	\$216.1b	--
12/20	PCE Price Index YoY	Nov	--	--	2.3%	--
12/20	Core PCE Price Index YoY	Nov	2.9%	--	2.8%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.3	13.9	14.0	14.1	20.7	22.9
FH/FN 15y	7.6	8.5	12.0	19.6	18.7	51.7
GN 15y	16.8	20.4	26.6	36.9	79.1	44.3
FH/FN 20y	6.6	7.1	8.0	10.0	14.1	19.4
FH/FN 30y	5.2	6.0	6.1	5.0	7.8	8.7
GN 30y	6.1	4.7	5.2	6.5	6.7	6.7
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.9	11.9	12.6	15.0	18.0	19.8
FH/FN 15y	7.5	8.7	10.1	15.8	16.4	23.7
GN 15y	9.1	11.6	11.3	12.2	11.8	14.9
FH/FN 20y	6.5	7.5	8.5	9.6	11.9	14.1
FH/FN 30y	5.9	6.3	7.3	8.3	9.6	12.0
GN 30y	6.5	6.7	8.0	8.3	9.4	10.2

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	153.58	3.58	154.99	157.18	145.64
Euro	1.05	(0.01)	1.06	1.08	1.08
Dollar Index	107.05	1.00	106.48	105.20	102.87
Major Stock Indices					
Dow Jones	43,904	(739)	43,958	38,647	37,090
S&P 500	6,070.9	(19.4)	5,985.4	5,433.7	4,707.1
NASDAQ	20,025.3	166	19,230.7	17,667.6	14,734.0
Commodities					
Gold	2,659.4	20.8	2,586.5	2,300.2	1,982.3
Crude Oil	70.59	3.39	68.43	78.62	69.47
Natural Gas	3.33	0.25	2.98	2.96	2.34
Wheat	538.8	-8.0	552.3	617.0	607.0
Corn	431.8	5.3	428.5	454.3	462.5

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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