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### UPCOMING EVENTS

#### Banks

##### Webinars:

[IRR Management](#)

June 12, 2024

##### Seminars:

[IL Seminar](#)

Aug 5, 2024

##### Schools:

[Baker ALM School](#)

Aug 20-21, 2024

#### CUs

##### Schools:

[Baker CU Virtual](#)

[ALM School](#)

Jul 24-25, 2024

[Baker ALM School](#)

Aug 20-21, 2024

#### Banks and CUs

##### Seminar:

[Scottsdale, AZ](#)

[45th Anniversary](#)

[Celebration Seminar](#)

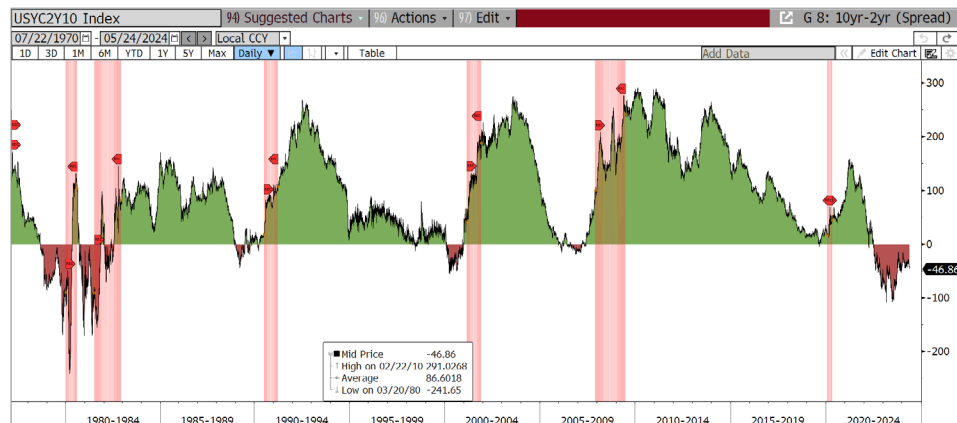
Nov 7-8, 2024

With little on the data-front but second-tier economic releases, much of this week's attention focused on Fed speakers and minutes from the April 30-May 1 FOMC meeting that were released on Wednesday. The tone of this week's speakers and the minutes themselves were fairly hawkish. The yield curve saw further bear flattening in response, which caused the inversion of the 2s10s curve to deepen to its most negative of the year. Bear flattening happens when restrictive Fed policy keeps short rates elevated but the market expects slower growth in the future. The yield curve (2s10s) has now been inverted for almost two years, longer than at any time on record, and historically a reliable harbinger of recessions. However, the recession has not come, and the inversion continues, underscoring peculiarity of this particular cycle.

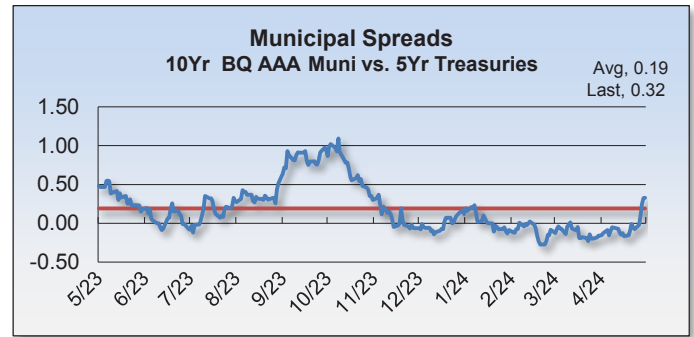
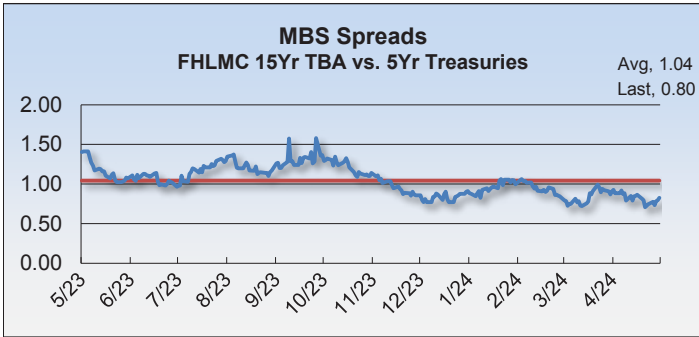
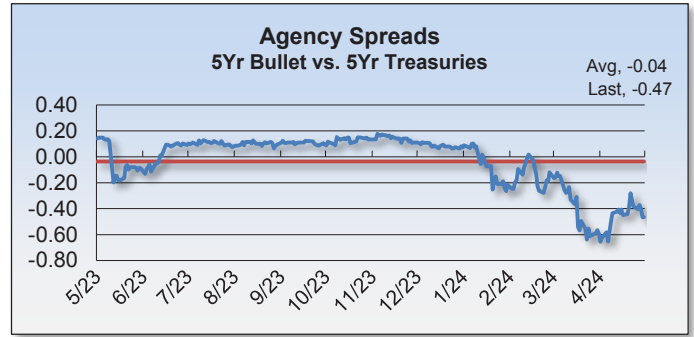
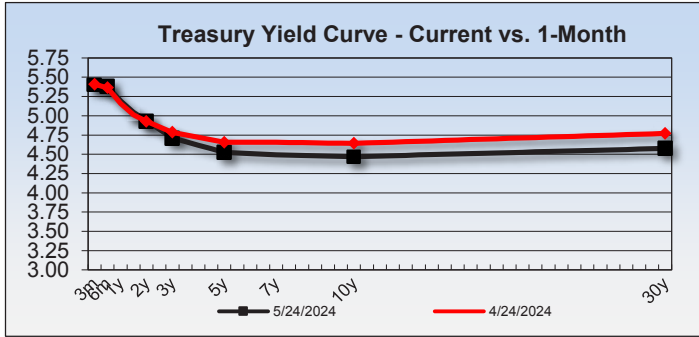
There were signs in the FOMC minutes that some particularly hawkish policymakers were willing to lift rates again if necessary, but market reaction to the prospect was muted because the meeting took place before the softer April inflation data. Further softness in housing data this week also helped buoy hopes for a cooling economy. Existing home sales, which were expected to pick up 0.8% instead fell for a second straight month, coming in at -1.9% MoM. Housing prices remain high, and the median selling price rose again to \$407,600, up 5.7% from a year ago. New home sales also fell more than expected, dropping 4.7% MoM (vs. -2.2% survey). The prior month's purchases were also revised down. New home sales, unlike existing home sales which still suffer from a lack of inventory, have largely stabilized over the past year, suggesting that although demand remains strong, buyers are restrained by affordability challenges.

Futures markets have fully priced in one full cut from the Fed this year plus about a third of another cut as of this morning. At the start of the year markets had six cuts priced in. The reversal is largely due to the strength of the economy in the face of restrictive Fed policy and the slow last mile of the inflation fight which keeps the Fed hesitating on a first rate cut.

Next week will be short after the Memorial Day holiday on Monday but no less important as we get the much-anticipated release of April's Personal Consumption Expenditures (PCE) report, the Fed's preferred measure of inflation. We will also get additional housing data and business activity readings as well as GDP. Hope everyone has a wonderful holiday. Thank you to all who have served our country and to the family and friends who support them. Happy Memorial Day!



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 <sup>2</sup>	S-Corp <sup>3</sup>		Mty	3Mo	6mo	1Yr	2Yr		
3mo	5.40	0.00	5.42	5.41	5.34	2yr	4.94	4.83	4.62	4.92	5.00	2Yr						
6mo	5.38	0.01	5.37	5.47	5.39	3yr	4.71	4.57	4.40	4.68	4.93	3Yr						
1yr	5.19	0.06	5.16	5.27	5.13	5yr	4.52	4.29	4.24	4.51	4.78	5Yr						
2yr	4.94	0.11	4.93	4.95	4.38	7yr	4.49	4.18	4.20	4.47	4.80	7Yr						
3yr	4.71	0.10	4.79	4.67	4.19	10yr	4.40	4.11	4.21	4.48	4.88	10Yr						
5yr	4.52	0.08	4.66	4.49	3.82	15yr	4.32	4.09	4.55	4.84	5.00		June TBA MBS					
7yr	4.49	0.06	4.66	4.51	3.78	20yr	4.23	4.05	5.03	5.35	5.28	Cpn	15Yr -Yld/AL		30Yr -Yld/AL			
10yr	4.47	0.05	4.64	4.47	3.74	25yr	4.15	3.95	5.22	5.56	5.34	3.50	5.40	5.2y		5.54		
30yr	4.58	0.02	4.77	4.60	3.99	30yr		3.85	5.42	5.77	5.39	4.00	5.10	5.3y				
												4.50	5.08	5.0y		5.57	9.2y	
												5.00	5.22	4.8y		5.65	8.9y	
												5.50				5.79	7.9y	
												6.00				5.96	5.9y	

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.50	5.25
Primary Discount	5.50	--	5.50	5.50	5.25
2ndary Discount	6.00	--	6.00	6.00	5.75
Prime Rate	8.50	--	8.50	8.50	8.25
Sec. O.N. Finance	5.31	--	5.31	5.31	--
1 Month LIBOR	5.44	0.00	5.43	5.46	5.13
3 Month LIBOR	5.59	0.00	5.58	5.64	5.37
6 Month LIBOR	5.72	(0.00)	5.73	5.81	5.45
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.42	0.04	5.37	5.63	5.50
1 Year CMT	5.20	0.07	5.14	5.26	5.06
REPO O/N	5.37	--	5.34	5.38	5.13
REPO 1Wk	5.39	0.03	5.41	5.40	5.11
CoF Federal	3.927	--	3.893	3.814	3.302
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.49	5.54	5.55
6mo	5.48	5.48	5.54
1yr	5.29	5.28	5.42
2yr	5.01	5.05	5.14
3yr	4.82	4.88	4.94
4yr	4.74	4.81	4.85
5yr	4.66	4.74	4.76
7yr	4.77	4.86	4.87
10yr	4.86	4.98	4.96
5yr Am	4.15		4.96
10yr Am	4.21		4.95

Fed Fund Futures	
Maturity	Rate
May-24	5.330
Jun-24	5.330
Jul-24	5.330
Aug-24	5.305
Sep-24	5.260
Oct-24	5.190
Nov-24	5.140
Dec-24	5.065
Jan-25	4.985
Feb-25	4.910
Mar-25	4.865

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
5/21	Philadelphia Fed Non-Manufacturing Ad	May	--	-0.6	-12.4	--
5/22	MBA Mortgage Applications	5/17	--	1.9%	0.5%	--
5/22	Existing Home Sales	Apr	4.23m	4.14m	4.19m	4.22m
5/22	FOMC Meeting Minutes	5/1	--	--	--	--
5/23	Chicago Fed Nat Activity Index	Apr	0.1	-0.2	0.2	0.0
5/23	Initial Jobless Claims	5/18	220k	215k	222k	223k
5/23	Continuing Claims	5/11	1793k	1794k	1794k	1786k
5/23	S&P Global US Manufacturing PMI	May P	49.9	50.9	50.0	--
5/23	S&P Global US Services PMI	May P	51.2	54.8	51.3	--
5/23	S&P Global US Composite PMI	May P	51.2	54.4	51.3	--
5/23	New Home Sales	Apr	678k	634k	693k	665k
5/23	Kansas City Fed Manf. Activity	May	-7.0	-2.0	-8.0	--
5/24	Durable Goods Orders	Apr P	-0.8%	0.7%	2.6%	0.8%
5/24	Durables Ex Transportation	Apr P	0.1%	0.4%	0.2%	0.0%
5/24	Cap Goods Orders Nondef Ex Air	Apr P	0.1%	0.3%	0.1%	-0.1%
5/24	Cap Goods Ship Nondef Ex Air	Apr P	0.1%	0.4%	0.0%	-0.3%
5/24	U. of Mich. Sentiment	May F	67.7	69.1	67.4	--
5/24	U. of Mich. Current Conditions	May F	68.8	69.6	68.8	--
5/24	U. of Mich. Expectations	May F	67.0	68.8	66.5	--
5/24	U. of Mich. 1 Yr Inflation	May F	3.4%	3.3%	3.5%	--
5/24	U. of Mich. 5-10 Yr Inflation	May F	3.1%	3.0%	3.1%	--
5/24	Kansas City Fed Services Activity	May	--	--	9.0	--
5/28	House Price Purchase Index QoQ	1Q	--	--	1.5%	--
5/28	S&P CoreLogic CS US HPI YoY NSA	Mar	--	--	6.4%	--
5/28	S&P CoreLogic CS 20-City YoY NSA	Mar	7.3%	--	7.3%	--
5/28	Conf. Board Consumer Confidence	May	96.0	--	97.0	--
5/28	Conf. Board Present Situation	May	--	--	142.9	--
5/28	Conf. Board Expectations	May	--	--	66.4	--
5/28	Dallas Fed Manf. Activity	May	-15.0	--	-14.5	--
5/29	Richmond Fed Manufact. Index	May	--	--	-7.00	--
5/29	Richmond Fed Business Conditions	May	--	--	-6.00	--
5/29	Dallas Fed Services Activity	May	--	--	-10.60	--
5/30	GDP Annualized QoQ	1Q S	1.3%	--	1.6%	--
5/30	Personal Consumption	1Q S	2.2%	--	2.5%	--
5/30	GDP Price Index	1Q S	3.1%	--	3.1%	--
5/30	Core PCE Price Index QoQ	1Q S	--	--	3.7%	--
5/30	Advance Goods Trade Balance	Apr	-\$91.3b	--	-\$91.8b	--
5/30	Wholesale Inventories MoM	Apr P	-0.1%	--	-0.4%	--
5/30	Retail Inventories MoM	Apr	--	--	0.3%	--
5/30	Pending Home Sales MoM	Apr	-0.6%	--	3.4%	--
5/30	Pending Home Sales NSA YoY	Apr	--	--	-4.5%	--
5/31	Personal Income	Apr	0.3%	--	0.5%	--
5/31	Personal Spending	Apr	0.3%	--	0.8%	--
5/31	Real Personal Spending	Apr	0.0%	--	0.5%	--
5/31	PCE Deflator YoY	Apr	2.7%	--	2.7%	--
5/31	PCE Core Deflator YoY	Apr	--	--	2.8%	--
5/31	MINI Chicago PMI	May	40.9	--	37.9	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	14.4	13.2	12.8	19.5	23.1	21.5
FH/FN 15y	8.4	12.7	18.4	26.4	30.6	47.3
GN 15y	18.3	23.2	30.7	40.9	55.6	42.2
FH/FN 20y	6.8	7.8	9.7	11.4	16.5	15.7
FH/FN 30y	5.6	5.9	6.2	4.6	6.1	7.6
GN 30y	4.0	4.5	5.8	6.5	6.9	7.2
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.2	12.1	11.4	12.4	13.2	15.6
FH/FN 15y	7.7	9.0	11.6	12.2	22.7	28.9
GN 15y	7.6	8.2	9.7	10.7	11.0	11.2
FH/FN 20y	7.9	8.6	9.9	11.1	14.4	14.8
FH/FN 30y	5.9	6.8	7.5	8.2	9.2	11.5
GN 30y	5.5	5.6	6.8	6.7	7.3	7.5

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	156.98	1.33	155.35	149.44	139.47
Euro	1.08	(0.00)	1.07	1.09	1.08
Dollar Index	104.74	0.30	105.86	103.40	103.89
<b>Major Stock Indices</b>					
Dow Jones	39,068	(936)	38,461	35,390	32,800
S&P 500	5,296.1	(7.2)	5,071.6	4,559.3	4,115.2
NASDAQ	16,856.6	171	15,712.8	14,250.9	12,484.2
<b>Commodities</b>					
Gold	2,340.5	(76.9)	2,338.4	2,003.0	1,964.6
Crude Oil	77.51	(2.55)	82.81	75.54	74.34
Natural Gas	2.59	(0.03)	1.65	2.86	2.40
Wheat	693.3	42.0	594.5	548.8	606.3
Corn	461.3	8.8	437.8	463.3	587.3

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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