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### UPCOMING EVENTS

#### Banks

##### Webinars:

[IRR Management](#)  
Jun 12, 2024

[Q3 Bank Investment Strategies](#)  
Jul 10, 2024

##### Seminars:

[IL Seminar](#)  
Aug 5, 2024

##### Schools:

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

#### CUs

##### Webinars:

[Q3 CU Strategies](#)  
Jul 11, 2024

##### 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

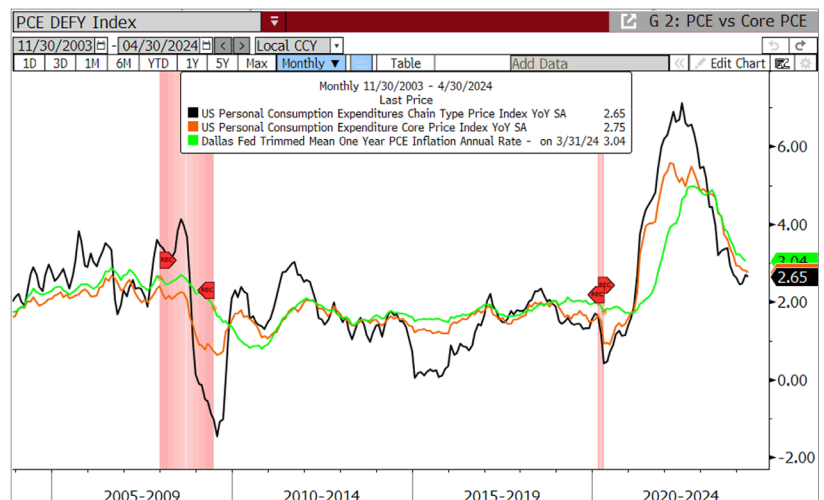
Markets are opening green across the board this morning as welcome news on the inflation front has traders upbeat this last day of May. Personal Consumption Expenditures (PCE), the Fed's preferred inflation gauge, hit all the right marks this morning, printing in line with expectations and showing inflation cooling modestly in the month of April. The comprehensive headline measure showed inflation rising 0.3% MoM and 2.7% YoY. The core measure, which strips out the volatile food and energy components to better depict the underlying trend of inflation, showed inflation rising 0.2% MoM and 2.8% YoY. This brings core inflation quite close to where the Fed expects it to be by the end of the year (2.6%), according to their last Summary of Economic Projections.

This morning's report also showed that consumer spending, the driving force behind the US economy, slowed in April. Real Personal Spending, which is an inflation-adjusted spending number that reflects the actual amount of goods and services people are buying rather than a number that can be higher simply due to higher prices, fell into negative territory for the month of April, coming in at -0.1% vs. +0.1% forecast. With household debt hitting a record high last quarter and consumer confidence also waning, the prospect of consumers continuing to power the economy at a robust pace seems questionable.

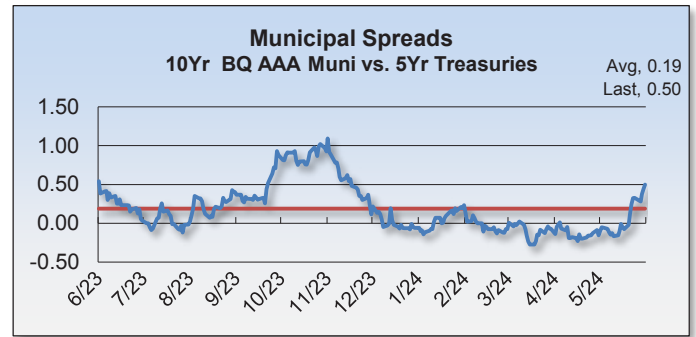
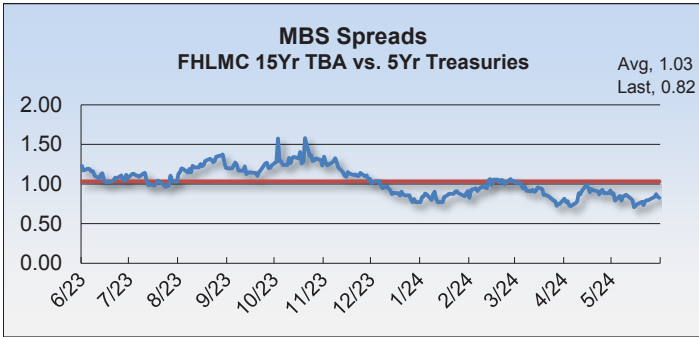
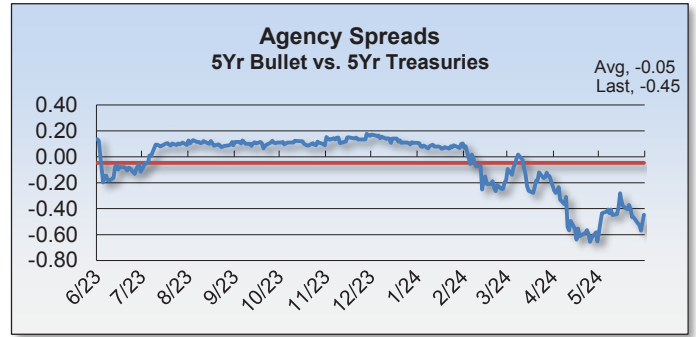
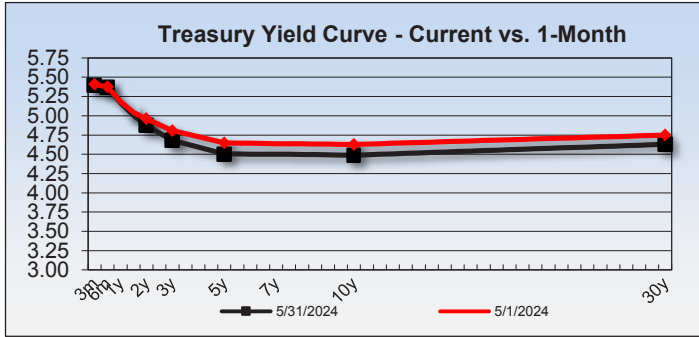
Economic growth has already turned sharply lower in the first quarter of this year compared to the substantial expansion we saw at the tail end of last year. Data released Thursday showed that the US economy grew at a slower pace than originally reported in the first quarter. Q1 GDP was revised down to 1.3% from 1.6% in the initial print, a considerable drop from Q4 2023 GDP which was 3.4%. The downward revision was attributed to softer consumer spending on goods. High interest rates, fading pandemic savings, and slower income growth are forcing Americans to pull back their spending habits and lowering growth prospects for the remainder of 2024 as well.

The yield curve further inverted over the week, with short rates down a few bps from last Friday and long rates up slightly. The 2-year is currently down 7bps on the week to 4.87%, the 5-year is down about 2bps to 4.50%, and the 10-year is up about 2.5bps to 4.49% at the time of this writing. Fed funds futures markets are still expecting about a 50-50 chance of a first rate cut at the Fed's September meeting and have about 1.5 rate cuts priced in by the end of the year.

Next week will be an important one as we kick off the month of June with several readings on the state of the labor market culminating with the Employment Situation Summary on Friday that will give us the unemployment rate and nonfarm payrolls numbers for the month of May. 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 <sup>2</sup>	S-Corp <sup>3</sup>		Mty	3Mo	6mo	1Yr	2Yr	
3mo	5.40	(0.01)	5.40	5.39	5.40	2yr	4.92	4.85	4.69	4.99	5.07	2Yr					
6mo	5.37	(0.02)	5.40	5.40	5.44	3yr	4.84	4.60	4.49	4.78	4.99	3Yr					
1yr	5.17	(0.04)	5.24	5.13	5.18	5yr	4.61	4.35	4.40	4.68	4.82	5Yr					
2yr	4.87	(0.07)	5.04	4.68	4.40	7yr	4.65	4.25	4.35	4.63	4.87	7Yr					
3yr	4.68	(0.04)	4.88	4.44	4.19	10yr	4.69	4.19	4.35	4.63	4.95	10Yr					
5yr	4.50	(0.03)	4.72	4.27	3.76	15yr	4.74	4.18	4.68	4.98	5.07		June TBA MBS				
7yr	4.50	0.01	4.71	4.34	3.71	20yr	4.78	4.14	5.15	5.48	5.39	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.49	0.02	4.68	4.33	3.65	25yr	5.83	4.04	5.35	5.69	5.45	3.00	5.63	5.3y	5.46		
30yr	4.63	0.06	4.78	4.50	3.86	30yr		3.94	5.54	5.90	5.50	3.50	5.27	5.3y			
												4.00	5.07	5.4y	5.48	9.8y	
												4.50	5.10	5.1y	5.52	9.8y	
												5.00			5.63	9.4y	
												5.50			5.79	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	5.25
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	5.33	0.02	5.34	5.33	--
1 Month LIBOR	5.44	0.01	5.43	5.46	5.15
3 Month LIBOR	5.61	0.02	5.59	5.64	5.48
6 Month LIBOR	5.75	0.03	5.74	5.80	5.58
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.40	(0.01)	5.39	5.57	5.59
1 Year CMT	5.19	(0.01)	5.25	5.16	5.22
REPO O/N	5.37	--	5.37	5.38	5.17
REPO 1Wk	5.38	--	5.36	5.36	5.14
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	5.50	5.55	5.55
6mo	5.48	5.48	5.54
1yr	5.25	5.23	5.43
2yr	4.99	5.02	5.11
3yr	4.81	4.84	4.92
4yr	4.73	4.78	4.85
5yr	4.66	4.72	4.77
7yr	4.78	4.86	4.89
10yr	4.87	4.98	4.98
5yr Am	4.15		4.95
10yr Am	4.21		4.96

Fed Fund Futures	
Maturity	Rate
May-24	5.330
Jun-24	5.325
Jul-24	5.325
Aug-24	5.295
Sep-24	5.250
Oct-24	5.180
Nov-24	5.125
Dec-24	5.045
Jan-25	4.960
Mar-25	4.830
Apr-25	4.760

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
5/28	FHFA House Price Index MoM	Mar	0.5%	0.1%	1.2%	--
5/28	S&P CoreLogic CS US HPI YoY NSA	Mar	6.60%	6.49%	6.38%	6.53%
5/28	S&P CoreLogic CS 20-City YoY NSA	Mar	7.30%	7.38%	7.29%	7.33%
5/28	Conf. Board Consumer Confidence	May	96.0	102.0	97.0	97.5
5/28	Conf. Board Present Situation	May	--	143.1	142.9	140.6
5/28	Conf. Board Expectations	May	--	74.6	66.4	68.8
5/29	MBA Mortgage Applications	5/24	--	-5.7%	1.9%	--
5/30	GDP Annualized QoQ	1Q S	1.3%	1.3%	1.6%	--
5/30	Personal Consumption	1Q S	2.2%	2.0%	2.5%	--
5/30	GDP Price Index	1Q S	3.1%	3.0%	3.1%	--
5/30	Core PCE Price Index QoQ	1Q S	3.7%	3.6%	3.7%	--
5/30	Initial Jobless Claims	5/25	217k	219k	215k	216k
5/30	Continuing Claims	5/18	1796k	1791k	1794k	1787k
5/30	Pending Home Sales NSA YoY	Apr	-2.1%	-0.8%	-4.5%	-4.4%
5/31	Personal Income	Apr	0.3%	0.3%	0.5%	--
5/31	Personal Spending	Apr	0.3%	0.2%	0.8%	0.7%
5/31	Real Personal Spending	Apr	0.1%	-0.1%	0.5%	0.4%
5/31	PCE Deflator MoM	Apr	0.3%	0.3%	0.3%	--
5/31	PCE Deflator YoY	Apr	2.7%	2.7%	2.7%	--
5/31	PCE Core Deflator MoM	Apr	0.2%	0.2%	0.3%	--
5/31	PCE Core Deflator YoY	Apr	2.8%	2.8%	2.8%	--
5/31	MNI Chicago PMI	May	41.6	35.4	37.9	--
6/3	S&P Global US Manufacturing PMI	May F	50.9	--	50.9	--
6/3	ISM Manufacturing	May	49.7	--	49.2	--
6/3	ISM Prices Paid	May	60.0	--	60.9	--
6/3	ISM New Orders	May	--	--	49.1	--
6/3	ISM Employment	May	--	--	48.6	--
6/4	JOLTS Job Openings	Apr	8400k	--	8488k	--
6/5	ADP Employment Change	May	180k	--	192k	--
6/5	S&P Global US Services PMI	May F	54.8	--	54.8	--
6/5	S&P Global US Composite PMI	May F	--	--	54.4	--
6/5	ISM Services Index	May	51.0	--	49.4	--
6/5	ISM Services Prices Paid	May	--	--	59.2	--
6/5	ISM Services Employment	May	--	--	45.9	--
6/5	ISM Services New Orders	May	--	--	52.2	--
6/6	Challenger Job Cuts YoY	May	--	--	-3.3%	--
6/6	Nonfarm Productivity	1Q F	0.3%	--	0.3%	--
6/6	Unit Labor Costs	1Q F	4.8%	--	4.7%	--
6/7	Two-Month Payroll Net Revision	May	--	--	-22k	--
6/7	Change in Nonfarm Payrolls	May	180k	--	175k	--
6/7	Change in Private Payrolls	May	160k	--	167k	--
6/7	Change in Manufact. Payrolls	May	8k	--	8k	--
6/7	Unemployment Rate	May	3.9%	--	3.9%	--
6/7	Average Hourly Earnings YoY	May	3.9%	--	3.9%	--
6/7	Average Weekly Hours All Employees	May	34.3	--	34.3	--
6/7	Labor Force Participation Rate	May	--	--	62.7%	--
6/7	Underemployment Rate	May	--	--	7.4%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.0	14.4	13.2	12.8	19.5	23.1
FH/FN 15y	7.4	8.4	12.7	18.4	26.4	30.6
GN 15y	15.7	18.3	23.2	30.7	40.9	55.6
FH/FN 20y	6.0	6.8	7.8	9.7	11.4	16.5
FH/FN 30y	4.6	5.6	5.9	6.2	4.6	6.1
GN 30y	5.0	4.0	4.5	5.8	6.5	6.9
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	9.9	11.2	12.1	13.6	16.3	17.3
FH/FN 15y	6.9	7.5	10.5	13.2	13.6	18.0
GN 15y	8.8	10.8	10.9	11.6	12.8	16.0
FH/FN 20y	6.4	6.5	7.6	8.6	10.4	12.1
FH/FN 30y	5.6	5.9	6.6	7.3	8.3	9.6
GN 30y	6.2	6.5	8.3	7.4	8.7	9.6

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	156.61	(0.38)	156.92	147.57	139.99
Euro	1.09	0.00	1.07	1.09	1.07
Dollar Index	104.45	(0.66)	106.22	103.50	104.33
<b>Major Stock Indices</b>					
Dow Jones	38,142	(923)	37,816	35,951	32,908
S&P 500	5,240.1	(27.8)	5,035.7	4,567.8	4,179.8
NASDAQ	16,715.6	(20)	15,657.8	14,226.2	12,935.3
<b>Commodities</b>					
Gold	2,347.5	10.3	2,302.9	2,038.1	1,963.9
Crude Oil	77.82	0.95	81.93	75.96	68.09
Natural Gas	2.58	(0.08)	1.99	2.80	2.27
Wheat	685.5	-12.5	585.0	570.3	594.3
Corn	450.8	-13.3	439.5	461.8	594.0

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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