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### UPCOMING EVENTS

#### Banks

##### Webinars:

[Bank Loan Trading](#)  
Jun 26, 2024

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

##### Seminars:

[IL Seminar](#)  
Aug 5, 2024

##### Schools:

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

#### CUs

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Jul 24-25, 2024

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#### Banks and CUs

##### Seminar:

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

Treasury yields are set to end the week sharply lower after a volatile week, fueled by big data releases and a particularly important Fed meeting. Wednesday gave markets both cooler than expected inflation data as well as a more hawkish tone from the latest FOMC statement and Summary of Economic Projections (SEP). In the end, markets took direction from the softer inflation data and largely brushed off the Fed's more restrictive sentiment. Bond yields plunged and the S&P 500 and Nasdaq both closed at new record highs each day this week.

As expected, the FOMC left the fed funds target range unchanged and made little change to its policy statement. The main language shift in the statement was noting that there has been "modest" progress on inflation where previously the committee had noted a "lack of" progress. The "dot plot," which reflects the 19 members of the FOMC's collective expectations on the path of interest rates, showed that the Fed now projects one rate cut this year rather than the three cuts implied in the previous dot plot. It also showed 100bps of cuts in both 2025 and 2026 and the long-run forecast at 2.75%.

The SEP, which is a collection of forecasts for the economy, inflation, and the labor market, was little changed. The Fed maintained its 2024 GDP forecast at 2.1% and its year-end unemployment rate forecast at 4.0% but did increase its unemployment rate forecasts for the next two years by 0.1% to 4.2% and 4.1% respectively. The inflation forecast for 2024 was also raised by 0.2% to 2.6% (headline PCE) and 2.8% (core PCE), suggesting members believe there will be very little further progress on inflation this year as headline PCE is currently 2.7% and core PCE is already 2.8%.

However, this week's inflation data, released just a few hours before the Fed statement, showed that consumer inflation was unexpectedly flat in May. Forecasts were for the Consumer Price Index (CPI) to increase 0.1% MoM and 3.4% YoY. Instead, the monthly increase was 0.0% and the YoY increase was 3.3%. Core CPI rose just 0.2% (vs. 0.3% forecast) and 3.4% from a year ago (vs. 3.5% forecast), the smallest increase since October 2023. Prices declined for energy, commodities, apparel, and transportation services while the closely watched shelter component rose just 0.4% for the fourth month in a row. Core services, which has been the most "sticky" piece of the inflation puzzle, rose by the smallest amount since September 2021 and the so-called Supercore (core services less housing) actually fell in May for the first time since September 2021.

The CPI data, which showed moderation in all aspects of consumer inflation, seemed to bear greater importance to market participants than the Fed statement. Markets, and many economists, are not buying the Fed's suggestion that a first rate cut may not come until December. Futures markets are currently pricing in a roughly 65% chance of a quarter point rate cut in September and are fully priced in for a rate cut by the November meeting, which comes just two days after the presidential election.

*(Continued)*



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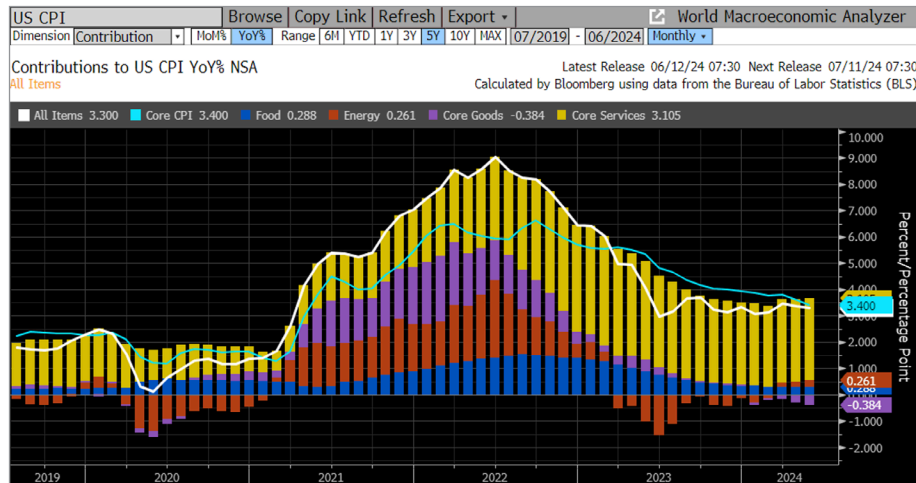
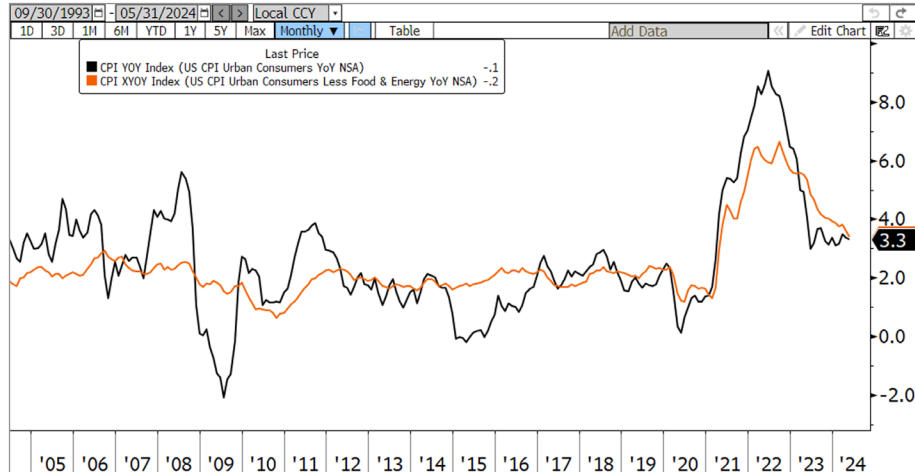
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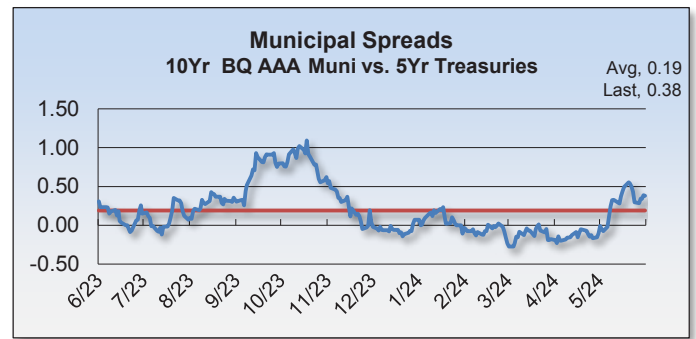
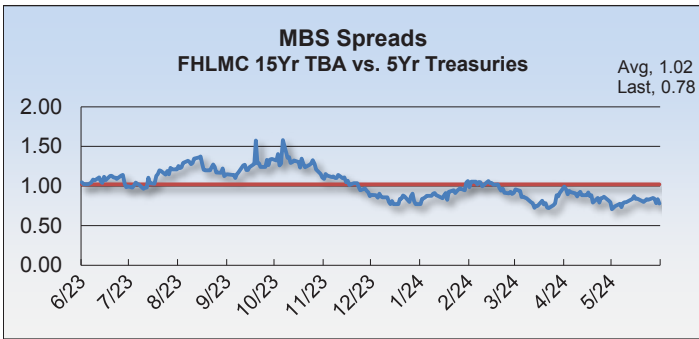
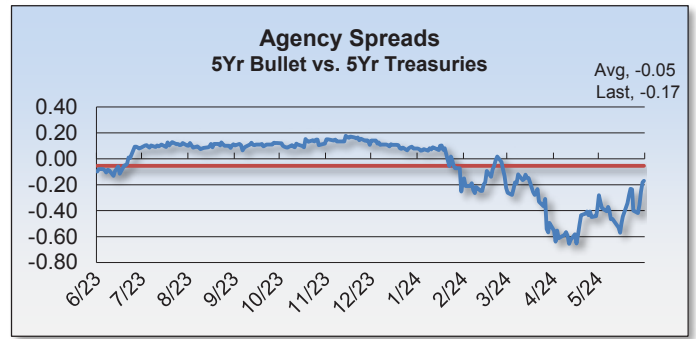
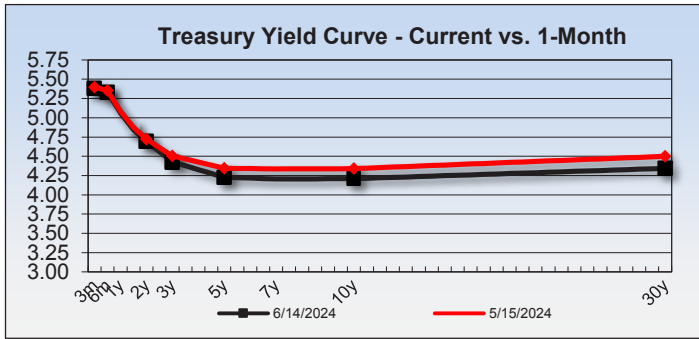
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As of this morning, the 2-year UST yield is down ~20bps to 4.69% WoW, the 5-year UST yield is down 24bps to 4.22%, and the 10-year is down 23bps to 4.21%. Next week will be heavy on the data front, with several readings on housing as well as retail sales, and manufacturing and production data. 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	Mty	Agency Calls - Euro			
			1 Mo	6 Mo	1 Yr				C-Corp <sup>2</sup>	S-Corp <sup>3</sup>			3Mo	6mo	1Yr	2Yr
3mo	5.38	(0.02)	5.39	5.38	5.24	2yr	4.73	4.52	4.31	4.59	4.83	2Yr				
6mo	5.33	(0.04)	5.37	5.31	5.35	3yr	4.54	4.22	4.14	4.41	4.72	3Yr				
1yr	5.06	(0.12)	5.17	4.91	5.24	5yr	4.32	3.94	4.05	4.31	4.49	5Yr				
2yr	4.69	(0.19)	4.82	4.39	4.69	7yr	4.35	3.84	3.99	4.25	4.53	7Yr				
3yr	4.43	(0.24)	4.61	4.09	4.46	10yr	4.39	3.79	3.96	4.22	4.64	10Yr				
5yr	4.23	(0.24)	4.46	3.91	3.99	15yr	4.44	3.79	4.33	4.60	4.76		July TBA MBS			
7yr	4.21	(0.24)	4.44	3.94	3.90	20yr	4.48	3.76	4.83	5.14	5.10	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.21	(0.23)	4.44	3.92	3.79	25yr	4.53	3.67	5.03	5.35	5.16	3.00	5.10	5.2y	5.12	
30yr	4.34	(0.21)	4.59	4.04	3.88	30yr		3.57	5.22	5.56	5.21	3.50	4.82	5.1y		
												4.00	4.71	5.2y	5.18	9.4y
												4.50	4.75	4.9y	5.23	9.5y
												5.00			5.40	9.0y
												5.50			5.61	7.2y

\* 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	5.31	(0.02)	5.31	5.31	--
1 Month LIBOR	5.44	0.00	5.43	5.48	5.22
3 Month LIBOR	5.61	0.01	5.58	5.65	5.56
6 Month LIBOR	5.74	0.02	5.71	5.77	5.64
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.40	0.03	5.42	5.40	5.52
1 Year CMT	5.07	(0.01)	5.16	4.94	5.26
REPO O/N	5.39	--	5.37	5.36	5.10
REPO 1Wk	5.35	(0.03)	5.35	5.38	5.11
CoF Federal	3.927	--	3.893	3.814	3.302
11th D. CoF (Apr)	3.198	--	3.164	3.085	2.573

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.50	5.53	5.54
6mo	5.45	5.44	5.51
1yr	5.13	5.13	5.32
2yr	4.78	4.82	4.90
3yr	4.54	4.60	4.66
4yr	4.45	4.52	4.57
5yr	4.34	4.43	4.47
7yr	4.49	4.59	4.63
10yr	4.60	4.72	4.74
5yr Am	4.15		4.69
10yr Am	4.21		4.70

Fed Fund Futures		
Maturity	Rate	
Jun-24	5.328	
Jul-24	5.325	
Aug-24	5.290	
Sep-24	5.225	
Oct-24	5.125	
Nov-24	5.045	
Dec-24	4.930	
Jan-25	4.805	
Feb-25	4.665	
Mar-25	4.595	
Apr-25	4.490	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/10	NY Fed 1-Yr Inflation Expectations	May	--	3.17%	3.26%	--
6/11	NFIB Small Business Optimism	May	89.7	90.5	89.7	--
6/12	CPI MoM	May	0.1%	0.0%	0.3%	--
6/12	CPI Ex Food and Energy MoM	May	0.3%	0.2%	0.3%	--
6/12	CPI YoY	May	3.4%	3.3%	3.4%	--
6/12	CPI Ex Food and Energy YoY	May	3.5%	3.4%	3.6%	--
6/12	CPI Index NSA	May	314.37	314.07	313.55	--
6/12	CPI Core Index SA	May	318.50	318.14	317.62	--
6/12	Real Avg Hourly Earning YoY	May	--	0.8%	0.5%	--
6/12	Real Avg Weekly Earnings YoY	May	--	0.5%	0.5%	0.6%
6/12	FOMC Rate Decision (Upper Bound)	6/12	5.50%	5.50%	5.50%	--
6/12	FOMC Rate Decision (Lower Bound)	6/12	5.25%	5.25%	5.25%	--
6/12	Fed Interest on Reserve Balances Rate	6/13	5.40%	5.40%	5.40%	--
6/12	FOMC Median Rate Forecast: Current Yr	6/12	4.88%	5.13%	4.63%	--
6/12	FOMC Median Rate Forecast: Next Yr	6/12	4.13%	4.13%	3.88%	--
6/12	FOMC Median Rate Forecast: +2 Yrs	6/12	3.13%	3.13%	3.13%	--
6/12	FOMC Median Rate Forecast: Long-Run	6/12	2.75%	2.75%	2.56%	--
6/13	Initial Jobless Claims	6/8	225k	242k	229k	--
6/13	Continuing Claims	6/1	1795k	1820k	1792k	1790k
6/13	PPI Final Demand MoM	May	0.1%	-0.2%	0.5%	--
6/13	PPI Ex Food and Energy MoM	May	0.3%	0.0%	0.5%	--
6/13	PPI Ex Food, Energy, Trade MoM	May	0.3%	0.0%	0.4%	0.5%
6/13	PPI Final Demand YoY	May	2.5%	2.2%	2.2%	2.3%
6/13	PPI Ex Food and Energy YoY	May	2.5%	2.3%	2.4%	2.5%
6/13	PPI Ex Food, Energy, Trade YoY	May	--	3.2%	3.4%	3.2%
6/14	Import Price Index MoM	May	-0.1%	-0.4%	0.9%	--
6/14	Import Price Index ex Petroleum MoM	May	0.2%	-0.3%	0.7%	0.6%
6/14	Import Price Index YoY	May	1.3%	1.1%	1.1%	--
6/14	Export Price Index MoM	May	0.1%	-0.6%	0.5%	0.6%
6/14	Export Price Index YoY	May	0.6%	0.6%	-1.0%	-0.9%
6/14	U. of Mich. Sentiment	Jun P	72.0	65.6	69.1	--
6/14	U. of Mich. Current Conditions	Jun P	72.2	62.5	69.6	--
6/14	U. of Mich. Expectations	Jun P	72.0	67.6	68.8	--
6/14	U. of Mich. 1 Yr Inflation	Jun P	3.2%	3.3%	3.3%	--
6/14	U. of Mich. 5-10 Yr Inflation	Jun P	3.0%	3.1%	3.0%	--
6/18	Retail Sales Advance MoM	May	0.3%	--	0.0%	--
6/18	Retail Sales Ex Auto MoM	May	0.2%	--	0.2%	--
6/18	Retail Sales Ex Auto and Gas	May	0.3%	--	-0.1%	--
6/18	Retail Sales Control Group	May	0.3%	--	-0.3%	--
6/18	Capacity Utilization	May	78.6%	--	78.4%	--
6/18	Manufacturing (SIC) Production	May	--	--	-0.30%	--
6/18	Total Net TIC Flows	Apr	--	--	\$102.1b	--
6/18	Net Long-term TIC Flows	Apr	--	--	\$100.5b	--
6/19	NAHB Housing Market Index	Jun	45.0	--	45.0	--
6/21	S&P Global US Manufacturing PMI	Jun P	51.0	--	51.3	--
6/21	S&P Global US Services PMI	Jun P	--	--	54.8	--
6/21	S&P Global US Composite PMI	Jun P	--	--	54.5	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.8	15.1	13.5	17.2	21.5	24.0
FH/FN 15y	8.2	9.1	12.6	19.0	25.1	32.9
GN 15y	17.1	19.6	23.9	30.5	72.8	49.6
FH/FN 20y	6.5	7.3	8.5	9.9	12.6	16.8
FH/FN 30y	5.8	6.2	6.5	6.5	5.7	7.0
GN 30y	5.9	5.7	6.0	6.3	7.3	7.2
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.3	11.6	12.6	14.1	17.0	18.3
FH/FN 15y	7.1	8.0	11.1	13.9	13.8	18.2
GN 15y	8.8	10.7	10.9	11.8	12.7	16.0
FH/FN 20y	6.3	7.0	7.9	9.1	11.0	13.3
FH/FN 30y	5.7	6.1	7.0	7.6	8.8	10.6
GN 30y	6.5	6.5	8.6	7.7	8.8	9.8

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	157.31	0.56	156.43	141.57	140.01
Euro	1.07	(0.01)	1.08	1.09	1.08
Dollar Index	105.73	0.84	105.01	101.96	102.95
<b>Major Stock Indices</b>					
Dow Jones	38,379	(420)	39,558	37,248	33,979
S&P 500	5,412.7	65.7	5,246.7	4,719.6	4,372.6
NASDAQ	17,645.0	512	16,511.2	14,761.6	13,626.5
<b>Commodities</b>					
Gold	2,329.5	24.3	2,359.9	2,030.2	1,955.3
Crude Oil	78.90	3.37	78.02	71.58	68.27
Natural Gas	2.94	0.02	2.34	2.39	2.34
Wheat	619.3	-8.3	657.0	594.0	630.3
Corn	459.0	10.3	453.8	456.8	607.8

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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