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### UPCOMING EVENTS

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##### Webinars:

[Q2 Bank Trends](#)  
Aug 14, 2024

##### Seminars:

[IL Seminar](#)  
Aug 5, 2024

##### Schools:

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Aug 20-21, 2024

#### CUs

##### Schools:

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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

It has been a resoundingly volatile week in markets. Monday's reaction to the shocking assassination attempt of former U.S. president Donald Trump over the weekend had traders shifting positions across the financial system. The yield curve steepened on Monday as traders bet on a greater likelihood of tax cut extensions and higher trade tariffs which they associate with higher inflation and higher interest rates. The 2-to-30-year measure of the Treasury yield curve nudged into positive territory for the first time since January and the inversion from 2s to 10s also squeezed to its narrowest point since January. Stock market traders also rotated out of big tech mega-caps and into crypto stocks, gun stocks, and shares of other companies that could benefit from a Trump presidency.

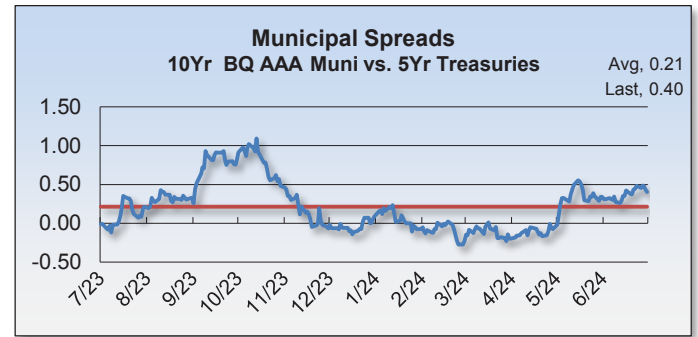
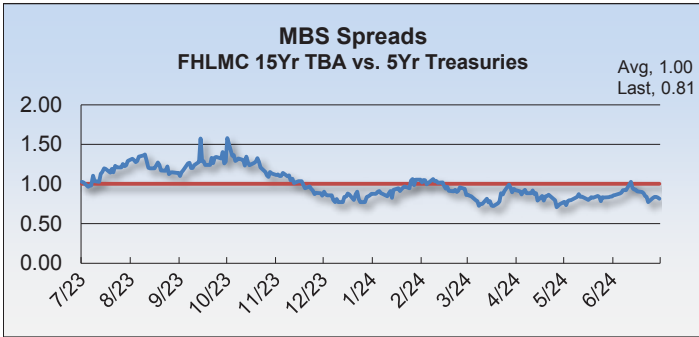
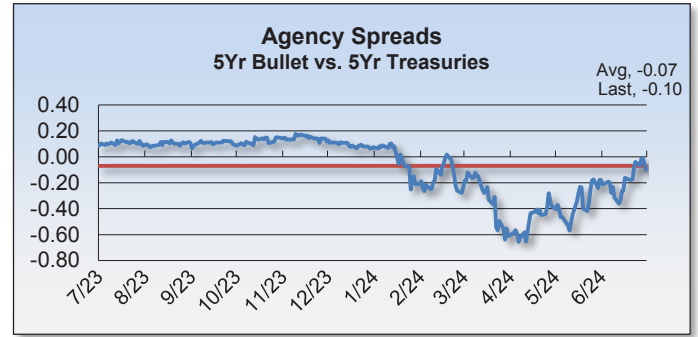
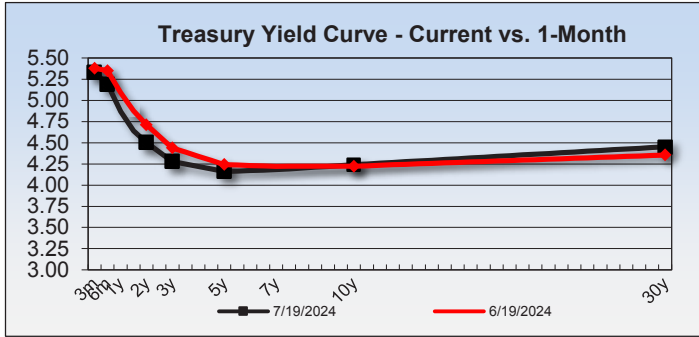
Some of those moves cooled later in the day as markets zeroed in on comments from Fed Chair Jerome Powell who spoke at the Economic Club of Washington on Monday and reignited easing hopes. Powell told the audience "We didn't gain any additional confidence in the first quarter, but the three (inflation) readings in the second quarter, including the one from last week, do add somewhat to confidence." He also said the Fed won't wait until inflation is down to its 2% goal before starting to cut interest rates as doing so risks overshooting the mark given the lagged effects of monetary policy.

On Tuesday, retail sales numbers came in better than expected, showing sales unchanged in June (vs. -0.3% expected) as a decline in receipts at auto dealerships was offset by widespread strength elsewhere. May retail sales were also revised up to 0.3% from 0.1%. Although goods spending rebounded, consumers continued to limit discretionary services spending. The print was not enough to change expectations that the Fed could start cutting interest rates in September, but it did help quell fears that the economy is headed toward a sharp decline.

The jittery markets continued their gyrations throughout the week. The 10-year pushed higher on Thursday despite news of a sharp jump in weekly jobless claims. Initial applications for unemployment benefits rose last week by the most since early May, adding evidence that the labor market is softening. Continuing claims also rose by 20,000 to 1.87mm, the highest level since November 2021.

To round out the volatile week, we all woke up this morning to news that a global tech outage had left businesses and services across the world unable to access necessary computing systems. Major airlines ordered ground stops amid communications issues, media companies, banks and telecom firms around the world found system outages disrupting their operations, even essential health and transportation services experienced delays. What is being called 'the largest IT outage in history' was initiated by a defect in a software update from cybersecurity giant CrowdStrike that caused Windows systems to crash for CrowdStrike customers. CrowdStrike's says a fix has been deployed but it appears likely to take some time for the solution to be implemented across all data centers running Windows.

There is not much time for markets to calm next week because much focus and attention will be on positioning for the release of the Personal Consumption Expenditures (PCE) price index on Friday. PCE is the Fed's preferred measure of inflation, and many hopes hang on a favorable reading. Expectations are for a 0.1% MoM increase with the YoY change falling to 2.5% from 2.6% previously. Have a great weekend!



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	5.33	(0.01)	5.38	5.35	5.41	2yr	4.55	4.29	4.00	4.26	4.63	2Yr					
6mo	5.19	0.01	5.35	5.23	5.48	3yr	4.28	4.04	3.92	4.17	4.55	3Yr					
1yr	4.87	0.01	5.09	4.86	5.31	5yr	4.24	3.83	3.88	4.13	4.38	5Yr					
2yr	4.50	0.05	4.72	4.39	4.77	7yr	4.34	3.78	3.88	4.13	4.46	7Yr					
3yr	4.28	0.05	4.44	4.16	4.51	10yr	4.41	3.77	3.89	4.14	4.62	10Yr					
5yr	4.16	0.06	4.24	4.05	3.99	15yr	4.49	3.81	4.23	4.50	4.74		August TBA MBS				
7yr	4.18	0.06	4.22	4.10	3.87	20yr	4.56	3.79	4.73	5.04	5.14	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.24	0.06	4.22	4.12	3.75	25yr	4.64	3.72	4.93	5.24	5.20	3.00	5.20	5.1y	5.14		
30yr	4.45	0.06	4.36	4.33	3.84	30yr		3.64	5.12	5.45	5.25	3.50	4.87	5.0y			
												4.00	4.77	5.0y	5.22	9.1y	
												4.50	4.80	4.8y	5.28	9.2y	
												5.00			5.45	8.5y	
												5.50			5.63	6.6y	

\* 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	5.34	--	5.33	5.31	--
1 Month LIBOR	5.46	0.01	5.45	5.45	5.36
3 Month LIBOR	5.54	(0.02)	5.61	5.57	5.58
6 Month LIBOR	5.56	(0.08)	5.70	5.54	5.82
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.31	--	5.39	5.29	5.72
1 Year CMT	4.86	(0.05)	5.09	4.80	5.32
REPO O/N	5.40	--	5.39	5.35	5.11
REPO 1Wk	5.36	0.01	5.39	5.38	5.16
CoF Federal	3.969	--	3.956	3.855	3.544
11th D. CoF (May)	3.227	--	3.198	3.119	2.731

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.46	5.49	5.53
6mo	5.30	5.30	5.36
1yr	4.93	4.97	5.11
2yr	4.52	4.65	4.66
3yr	4.33	4.45	4.43
4yr	4.27	4.40	4.37
5yr	4.22	4.33	4.31
7yr	4.42	4.55	4.51
10yr	4.58	4.73	4.66
5yr Am	4.15		4.49
10yr Am	4.21		4.58

Fed Fund Futures	
Maturity	Rate
Jul-24	5.328
Aug-24	5.315
Sep-24	5.220
Oct-24	5.075
Nov-24	4.955
Dec-24	4.830
Jan-25	4.690
Feb-25	4.530
Mar-25	4.450
Apr-25	4.330
May-25	4.200

# Baker Market Update

## Week in Review

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
7/15	Empire Manufacturing	Jul	-7.6	-6.6	-6.0	--
7/16	New York Fed Services Business Activit	Jul	--	-4.5	-4.7	--
7/16	Retail Sales Advance MoM	Jun	-0.3%	0.0%	0.1%	0.3%
7/16	Retail Sales Ex Auto MoM	Jun	0.1%	0.4%	-0.1%	0.1%
7/16	Retail Sales Ex Auto and Gas	Jun	0.2%	0.8%	0.1%	0.3%
7/16	Retail Sales Control Group	Jun	0.2%	0.9%	0.4%	--
7/16	Import Price Index MoM	Jun	-0.2%	0.0%	-0.4%	-0.2%
7/16	Import Price Index ex Petroleum MoM	Jun	-0.2%	0.2%	-0.3%	--
7/16	Import Price Index YoY	Jun	1.0%	1.6%	1.1%	1.4%
7/16	Export Price Index MoM	Jun	-0.1%	-0.5%	-0.6%	-0.7%
7/16	Export Price Index YoY	Jun	1.0%	0.7%	0.6%	0.5%
7/16	Business Inventories	May	0.5%	0.5%	0.3%	--
7/16	NAHB Housing Market Index	Jul	43	42	43	--
7/17	MBA Mortgage Applications	7/12	--	3.9%	-0.2%	--
7/17	Housing Starts	Jun	1300k	1353k	1277k	1314k
7/17	Housing Starts MoM	Jun	1.8%	3.0%	-5.5%	-4.6%
7/17	Building Permits	Jun	1400k	1446k	1386k	1399k
7/17	Building Permits MoM	Jun	0.1%	3.4%	-3.8%	-2.8%
7/17	Industrial Production MoM	Jun	0.3%	0.6%	0.9%	0.9%
7/17	Manufacturing (SIC) Production	Jun	0.1%	0.4%	0.9%	1.0%
7/17	Capacity Utilization	Jun	78.4%	78.8%	78.7%	78.3%
7/18	Initial Jobless Claims	7/13	229k	243k	222k	223k
7/18	Continuing Claims	7/6	1856k	1867k	1852k	1847k
7/18	Philadelphia Fed Business Outlook	Jul	2.9	13.9	1.3	--
7/18	Leading Index	Jun	-0.3%	-0.2%	-0.5%	-0.4%
7/18	Total Net TIC Flows	May	--	\$15.8b	\$66.2b	\$64.2b
7/18	Net Long-term TIC Flows	May	--	-\$54.6b	\$123.1b	\$123.3b
7/22	Chicago Fed Nat Activity Index	Jun	-0.06	--	0.18	--
7/23	Philadelphia Fed Non-Manufacturing Ac	Jul	--	--	2.9	--
7/23	Richmond Fed Manuf. Index	Jul	-7	--	-10	--
7/23	Richmond Fed Business Conditions	Jul	--	--	-11	--
7/23	Existing Home Sales	Jun	3.99m	--	4.11m	--
7/23	Existing Home Sales MoM	Jun	-2.9%	--	-0.7%	--
7/24	Advance Goods Trade Balance	Jun	-\$98.0b	--	-\$100.6b	-\$99.4b
7/24	S&P Global US Manufacturing PMI	Jul P	51.4	--	51.6	--
7/24	S&P Global US Services PMI	Jul P	55.0	--	55.3	--
7/24	S&P Global US Composite PMI	Jul P	--	--	54.8	--
7/25	GDP Annualized QoQ	2Q A	1.9%	--	1.4%	--
7/25	Personal Consumption	2Q A	1.7%	--	1.5%	--
7/25	GDP Price Index	2Q A	2.6%	--	3.1%	--
7/25	Core PCE Price Index QoQ	2Q A	--	--	3.7%	--
7/25	Durables Ex Transportation	Jun P	0.2%	--	-0.1%	--
7/25	Cap Goods Ship Nondef Ex Air	Jun P	--	--	-0.6%	--
7/26	Personal Income	Jun	0.4%	--	0.5%	--
7/26	Real Personal Spending	Jun	0.2%	--	0.3%	--
7/26	PCE Price Index YoY	Jun	--	--	2.6%	--
7/26	Core PCE Price Index YoY	Jun	2.6%	--	2.6%	--

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	14.2	13.0	15.6	19.8	21.9
FH/FN 15y	8.2	9.1	11.9	18.3	22.7	38.1
GN 15y	16.1	19.1	23.6	30.5	74.5	32.3
FH/FN 20y	6.6	7.6	8.3	9.2	11.4	15.9
FH/FN 30y	6.8	6.5	6.8	6.4	6.7	7.3
GN 30y	6.4	4.9	7.5	6.6	7.0	7.1
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	10.6	11.9	12.9	14.5	17.4	19.5
FH/FN 15y	7.3	8.4	11.5	14.6	14.7	19.8
GN 15y	9.2	11.2	11.2	12.0	12.9	16.1
FH/FN 20y	6.4	7.4	8.3	9.5	11.5	14.0
FH/FN 30y	5.9	6.3	7.3	8.0	9.3	11.5
GN 30y	6.6	6.7	8.9	8.1	9.4	10.1

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	157.51	(0.32)	157.83	148.12	139.92
Euro	1.09	(0.00)	1.08	1.09	1.12
Dollar Index	104.35	0.25	105.26	103.29	100.28
<b>Major Stock Indices</b>					
Dow Jones	40,528	527	38,835	37,864	35,061
S&P 500	5,545.0	(70.4)	5,487.0	4,839.8	4,565.7
NASDAQ	17,868.3	(530)	17,862.2	15,311.0	14,358.0
<b>Commodities</b>					
Gold	2,404.7	(16.0)	2,330.4	2,029.3	1,980.8
Crude Oil	82.42	0.21	81.57	73.41	75.35
Natural Gas	2.09	(0.24)	2.91	2.52	2.60
Wheat	546.3	8.3	582.0	593.3	727.8
Corn	393.5	-6.5	450.0	445.5	545.5

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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