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UPCOMING EVENTS

2025 Destination Seminar

Austin, TX
May 8, 2025

Banks

Webinars:

Q1 Investment Strategies
Jan 8, 2025

Seminars:

IA Seminar
Jun 17, 2025

CUs

Webinars:

Q1 Strategies
Jan 9, 2025

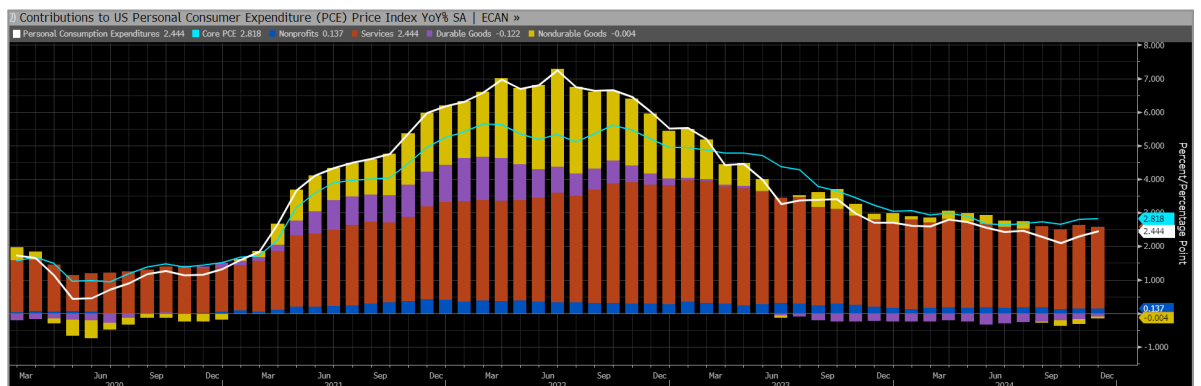
As the late and great Andy Williams said, “It’s the most wonderful time of the year”! What is better than gathering with people you enjoy, singing songs, looking at big bright lights, all while frantically cheering and yelling? But am I talking about Christmas or the start of the College Football Playoffs? I guess I will just leave that up to everyone to decide for themselves!

This was a week full of economic data, with the main event being the FOMC’s Wednesday meeting where they ultimately cut the Federal Funds Rate by 25-basis points to a range of 4.25%-4.50%. A 25-basis point cut was in line with expectations, however the market reacted to a change from the FOMC in their “Dot Plot”, which is an anonymous snapshot of where the 19 FOMC members project the Federal Funds Rates will be in the future, now only showing 2 rate cuts in 2025 compared to the 4 they were showing at their September meeting. When asked about what would trigger further cuts in 2025, Chairman Powell stated that “As we think about further cuts, we’re going to be looking for progress on inflation, we have been moving sideways on 12-month inflation as the 12-month window moves”.

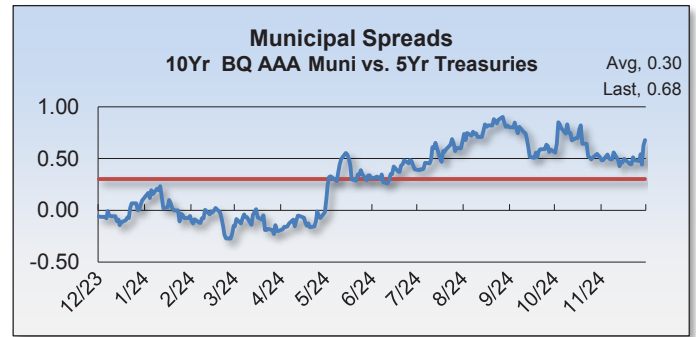
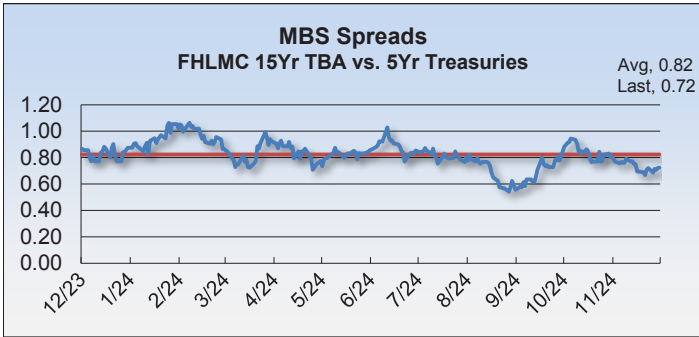
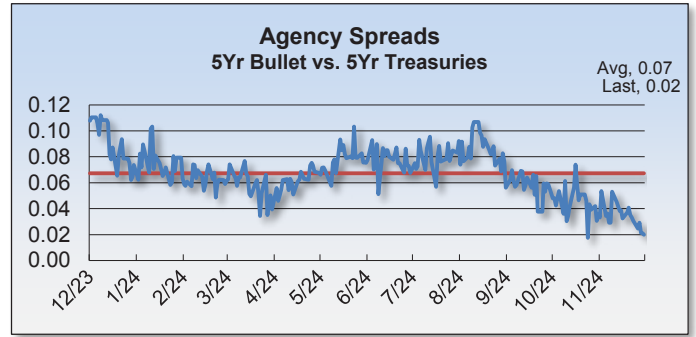
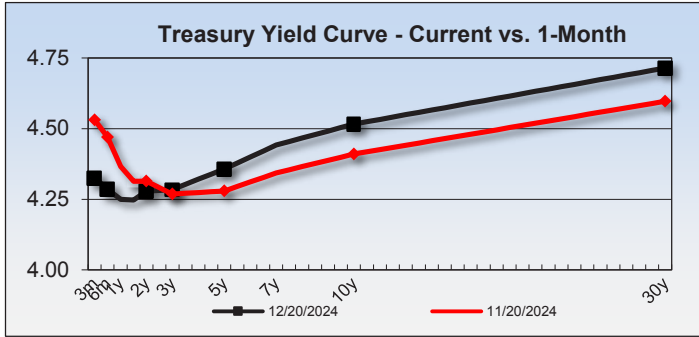
Following the FOMC meeting, the stock market reacted negatively to the new outlook on the future of the Federal Funds Rate. The Dow Jones Industrial Average fell by over 1300 points and the NASDAQ fell by over 700 points on Wednesday. The stock market continues to face difficult news as investors now grapple with a standoff in Congress and a potential government shutdown.

Chairman Powell’s and the FOMC’s worries on inflation may have been somewhat quelled this morning as we received an updated reading on Personal Consumption Expenditures (PCE), the Fed’s preferred measure on inflation. The PCE Price Index rose 0.1% in November and 2.4% from a year ago, against expectations of a 0.2% gain for the month and 2.5% for the year. Core PCE, which excludes food and energy, followed the same trend, coming in at 0.1% for the month (estimated at 0.2%) and 2.8% for the year (estimated at 2.9%). Altogether, this was a very positive inflation report for markets and the Fed with core PCE rising by the smallest amount since May. Bond markets digested the PCE reading relatively well, with bond yields falling this morning. The 2-year UST is down 6-basis points to 4.26% and the 10-year UST is down to 4.5%.

Next week is a relatively mild week for data, as markets are closed for Christmas. Tuesday will bring an update on durable goods orders and new home sales, Wednesday brings good tidings of comfort and joy and Thursday gives us updated numbers on initial and continuing jobless claims. I hope everyone has a wonderful weekend, with safe travels and a lot of football! Merry Christmas!



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	4.33	0.00	4.54	5.37	5.39	2yr	4.28	4.11	3.92	4.17	4.45	2Yr						
6mo	4.29	(0.04)	4.47	5.36	5.30	3yr	4.28	4.07	3.91	4.16	4.49	3Yr						
1yr	4.25	0.01	4.37	5.11	4.88	5yr	4.39	4.05	4.02	4.28	4.58	5Yr						
2yr	4.28	0.03	4.32	4.74	4.33	7yr	4.53	4.04	4.09	4.35	4.76	7Yr						
3yr	4.28	0.06	4.27	4.47	4.17	10yr	4.68	4.05	4.31	4.59	4.95	10Yr						
5yr	4.36	0.11	4.28	4.28	3.84	15yr	4.83	4.08	4.61	4.90	5.08		January TBA MBS					
7yr	4.44	0.12	4.34	4.26	3.87	20yr	4.98	4.06	5.12	5.45	5.38	Cpn	15Yr -Yld/AL		30Yr -Yld/AL			
10yr	4.52	0.12	4.41	4.26	3.85	25yr	5.12	3.98	5.32	5.66	5.44	3.00	5.34	5.0y	5.34			
30yr	4.71	0.11	4.60	4.40	3.99	30yr	5.12	3.88	5.52	5.87	5.49	3.50	5.14	4.9y				
												4.00	5.01	5.0y	5.38	9.3y		
												4.50	5.00	5.4y	5.46	9.8y		
												5.00			5.58	9.3y		
												5.50			5.74	7.4y		

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	4.50	(0.25)	4.75	5.50	5.50
Primary Discount	4.50	(0.25)	4.75	5.50	5.50
2ndary Discount	5.00	(0.25)	5.25	6.00	6.00
Prime Rate	7.50	(0.25)	7.75	8.50	8.50
Sec. O.N. Finance	4.30	(0.32)	4.57	5.33	--
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	4.36	(0.01)	4.53	5.36	5.35
1 Year CMT	4.28	0.06	4.34	5.09	4.93
REPO O/N	4.69	0.04	4.84	5.39	5.36
REPO 1Wk	4.39	(0.10)	4.63	5.41	5.35
CoF Federal	3.767	--	3.834	3.956	3.848
11th D. CoF (Oct)	3.105	--	3.213	3.198	3.085

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	4.47	4.52	4.60
6mo	4.42	4.43	4.48
1yr	4.37	4.37	4.50
2yr	4.36	4.39	4.49
3yr	4.37	4.41	4.51
4yr	4.41	4.47	4.56
5yr	4.45	4.51	4.59
7yr	4.63	4.71	4.77
10yr	4.80	4.90	4.92
5yr Am	4.15		4.59
10yr Am	4.21		4.79

Fed Fund Futures		
Maturity	Rate	
Dec-24	4.473	
Jan-25	4.325	
Feb-25	4.300	
Mar-25	4.260	
Apr-25	4.190	
May-25	4.150	
Jun-25	4.110	
Jul-25	4.060	
Aug-25	4.025	
Sep-25	4.005	
Oct-25	3.980	

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
12/16	Empire Manufacturing	Dec	10.0	0.2	31.2	--
12/16	S&P Global US Manufacturing PMI	Dec P	49.5	48.3	49.7	--
12/16	S&P Global US Services PMI	Dec P	55.8	58.5	56.1	--
12/16	S&P Global US Composite PMI	Dec P	55.1	56.6	54.9	--
12/17	Retail Sales Ex Auto and Gas	Nov	0.4%	0.2%	0.4%	0.2%
12/17	Retail Sales Control Group	Nov	0.4%	0.4%	-0.1%	--
12/17	Capacity Utilization	Nov	77.3%	76.8%	77.4%	77.0%
12/17	Manufacturing (SIC) Production	Nov	0.5%	0.2%	-0.5%	-0.7%
12/17	NAHB Housing Market Index	Dec	47	46	46	--
12/18	MBA Mortgage Applications	12/13	--	-0.7%	5.4%	--
12/18	Housing Starts MoM	Nov	2.6%	-1.8%	-3.1%	-3.2%
12/18	Building Permits MoM	Nov P	1.0%	6.1%	-0.6%	-0.4%
12/18	Current Account Balance	3Q	-\$287.1b	-\$310.9b	-\$266.8b	-\$275.0b
12/18	FOMC Rate Decision (Upper Bound)	12/18	4.50%	4.50%	4.75%	--
12/18	FOMC Rate Decision (Lower Bound)	12/18	4.25%	4.25%	4.50%	--
12/18	Fed Interest on Reserve Balances Rate	12/19	4.40%	4.40%	4.65%	--
12/19	GDP Annualized QoQ	3Q T	2.8%	3.1%	2.8%	--
12/19	Personal Consumption	3Q T	3.6%	3.7%	3.5%	--
12/19	GDP Price Index	3Q T	1.9%	1.9%	1.9%	--
12/19	Core PCE Price Index QoQ	3Q T	2.1%	2.2%	2.1%	--
12/19	Philadelphia Fed Business Outlook	Dec	2.8	-16.4	-5.5	--
12/19	Initial Jobless Claims	12/14	230k	220k	242k	--
12/19	Continuing Claims	12/7	1892k	1874k	1886k	1879k
12/19	Leading Index	Nov	-0.1%	0.3%	-0.4%	--
12/19	Existing Home Sales MoM	Nov	3.2%	4.8%	3.4%	--
12/19	Total Net TIC Flows	Oct	--	\$203.6b	\$398.4b	\$398.9b
12/19	Net Long-term TIC Flows	Oct	--	\$152.3b	\$216.1b	--
12/20	Personal Income	Nov	0.4%	0.3%	0.6%	0.7%
12/20	Personal Spending	Nov	0.5%	0.4%	0.4%	0.3%
12/20	Real Personal Spending	Nov	0.3%	0.3%	0.1%	--
12/20	PCE Price Index MoM	Nov	0.2%	0.1%	0.2%	--
12/20	PCE Price Index YoY	Nov	2.5%	2.4%	2.3%	--
12/20	Core PCE Price Index MoM	Nov	0.2%	0.1%	0.3%	--
12/20	Core PCE Price Index YoY	Nov	2.9%	2.8%	2.8%	--
12/20	U. of Mich. Sentiment	Dec F	74.2	74.0	74.0	--
12/20	U. of Mich. Current Conditions	Dec F	77.1	75.1	77.7	--
12/20	U. of Mich. Expectations	Dec F	71.9	73.3	71.6	--
12/20	U. of Mich. 1 Yr Inflation	Dec F	2.9%	2.8%	2.9%	--
12/20	U. of Mich. 5-10 Yr Inflation	Dec F	3.1%	3.0%	3.1%	--
12/23	Conf. Board Consumer Confidence	Dec	113.0	--	111.7	--
12/23	Conf. Board Present Situation	Dec	--	--	140.9	--
12/23	Conf. Board Expectations	Dec	--	--	92.3	--
12/24	Philadelphia Fed Non-Manufacturing Ac	Dec	--	--	-5.9	--
12/24	Durables Ex Transportation	Nov P	0.3%	--	0.2%	--
12/24	Cap Goods Ship Nondef Ex Air	Nov P	--	--	0.3%	--
12/24	New Home Sales MoM	Nov	--	--	-17.3%	--
12/24	Richmond Fed Business Conditions	Dec	--	--	10	--

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	10.3	11.5	12.1	14.2	16.9	18.3
FH/FN 15y	7.2	8.2	9.6	15.2	15.0	21.4
GN 15y	8.9	11.5	11.1	11.9	11.7	14.8
FH/FN 20y	6.2	6.8	7.8	8.9	11.3	13.1
FH/FN 30y	5.7	6.1	6.9	7.7	8.4	10.4
GN 30y	6.4	6.5	7.8	7.7	8.9	9.8

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	156.60	2.95	155.75	158.42	143.35
Euro	1.04	(0.01)	1.05	1.07	1.10
Dollar Index	108.09	1.09	106.68	105.59	102.41
Major Stock Indices					
Dow Jones	42,325	(1,503)	43,408	39,135	37,082
S&P 500	5,854.7	(196.4)	5,917.1	5,473.2	4,698.4
NASDAQ	19,246.2	(680)	18,966.1	17,721.6	14,777.9
Commodities					
Gold	2,614.7	(41.3)	2,651.7	2,353.8	2,034.5
Crude Oil	68.52	(2.77)	68.87	82.17	74.22
Natural Gas	3.57	0.29	3.19	2.74	2.45
Wheat	533.0	6.5	552.5	572.8	610.0
Corn	445.8	15.8	430.3	439.8	469.8

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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