The Day Ahead: Stronger Start For Bonds After Cooler Jobs Report

On most months in modern economic memory, a gain of 175k payrolls would be welcome news for the labor market. Depending on the context, it still is. But in today's case, it's much lower than the market expected and not a high enough number to justify the 4.6+ 10yr yields seen yesterday. Bonds rallied instantly when the news printed, but one rate-friendly jobs report is only a fine tuning adjustment to a rate environment dominated by inflation concerns.

Evidence of inflation concerns was available in real time today following the ISM Services data. The headline was weaker, which would normally be good for bonds. But the price component was quite a bit higher, which was enough for the bond market to react negatively.

Despite the push-back, bonds remain in much stronger territory and have now mad solid gains 3 days in a row. Yields are back in line with the afternoon of the last CPI day on April 10th.

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REAL TIME CHART (#3)
10 Year Treasury
4.509 (-0.071)
PREV: 4.580
OPEN: 4.557
LOW: 4.445
HIGH: 4.594
Adv Charts
Zoom Chart
1d
2d
5d
1m
3m
6m
1y
5y
All
4.751
4.704
4.656
4.609
4.561
4.514
4.466
4.419
4.371
4.324
4.276
4.229
8.Apr
15.Apr
22.Apr
29.Apr