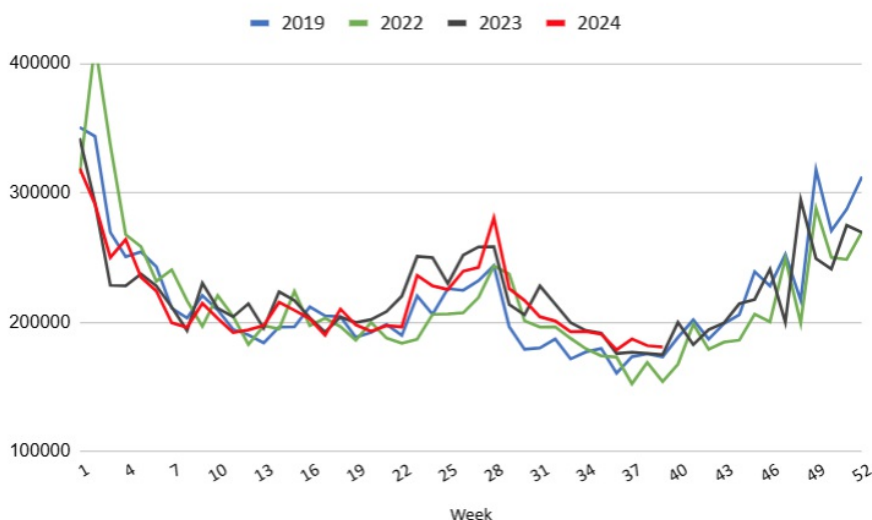


The Day Ahead: The Consolidation Game is Over

There are some labor market reports that cause some concern about a weaker job market. And while Jobless Claims is often thought to be a leading indicator, it is not one of those reports. Today's release is the latest example. The 225k headline is a bit higher than the forecast of 220k, but still right in line with trends from the 3 most recent, "normal" years.

Jobless Claims, Week by Week, Not Seasonally Adjusted



As such, the data offered no support for moderate weakness in the bond market. As for the nature of that moderate weakness, it's still best viewed as a broad consolidation following the extended rally leading up to the Fed's rate cut. There are several ways to look at it. You could say the market got a bit ahead of itself or that Powell has been a bit more hawkish than the market expected, or that the data hasn't seen the incremental deterioration needed to sustain the pace of the longer-term rally.

Either way, the consolidation has been orderly, and even with this morning bringing yields in line with their highest levels in a month, the whole thing still looks flat and sideways over the past 2 weeks. By getting to this point today, the consolidation game is over because tomorrow's jobs report decides the next move. All that's left for today is ISM Services--a report that certainly could cause some last minute excitement, for better or worse.



Victor Emmel

Mortgage Advisor,
Goodway Mortgage

www.goodwaymortgage.com

P: (801) 285-0222

M: (801) 819-5901

victor@goodwaymortgage.com

10808 S River Front Pkwy
South Jordan UT 84095

NMLS 133605

CO NMLS 2235920



10yr Treasury

