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The Day Ahead: Huge Beat in Jobs Report; Bonds Reeling

It is a very simple day for the bond market. There was a ton of anticipation for today's jobs report after the past two iterations raised concerns about flagging labor market conditions. Indeed, the Fed's decision to cut by 0.50 vs 0.25 last month had much to do with the fear/expectation that reports like today's would be in shorter supply going forward. In other words, a 0.25% cut would have been more likely if they knew that today's NFP would come in at 254k vs 140k with unemployment ticking down to 4.1%. The bond market is taking care of it though. Futures have priced 2024 rate cuts back to levels seen before the last jobs report. Bonds are tanking, as you'd expect. The only salvation here would be the notion that this is just one jobs report in a recent run that's been mostly weaker and that perhaps the next one won't be so damning for bonds.



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