

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

A message from Nickolas Inhelder:

We Make Home Happen.™

Our goal is simple:

To help every family we serve get to "Yes."

Yes to the loan that unlocks the joy of home ownership.

Yes to the lending solution that meets every client's unique needs and wants.

That's why we dedicate our every resource to serve as your personal guide through the lending process, solving problems, building confidence. Aslan has access to every lending option leading to the purchase or refinance of a residential home loan.

This is more than work for us. It is our unique joy in this life to share our collective skill, creativity, and care to bring you and your family right to where you belong.

Let's make home happen.

CONTACT ME TODAY



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The Day Ahead: Why Are Bonds Rallying Despite a Seemingly Decent Jobs Report?

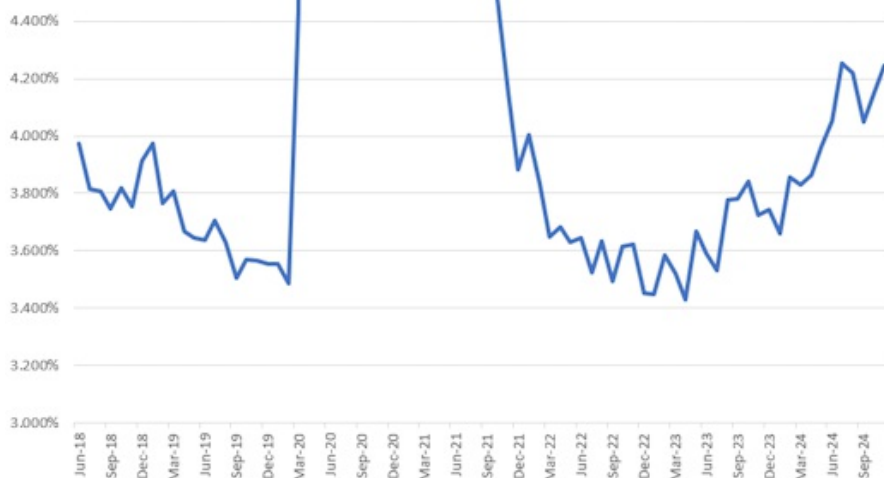
We all know that today's jobs report is the most important economic data on an given month.

We also know that a higher payroll count tends to be bad for bonds/rates. So why are bonds rallying despite payrolls coming in at 227k versus a 200k forecast? First off, in the realm of nonfarm payrolls (NFP), this is a small enough beat to be considered "as expected."

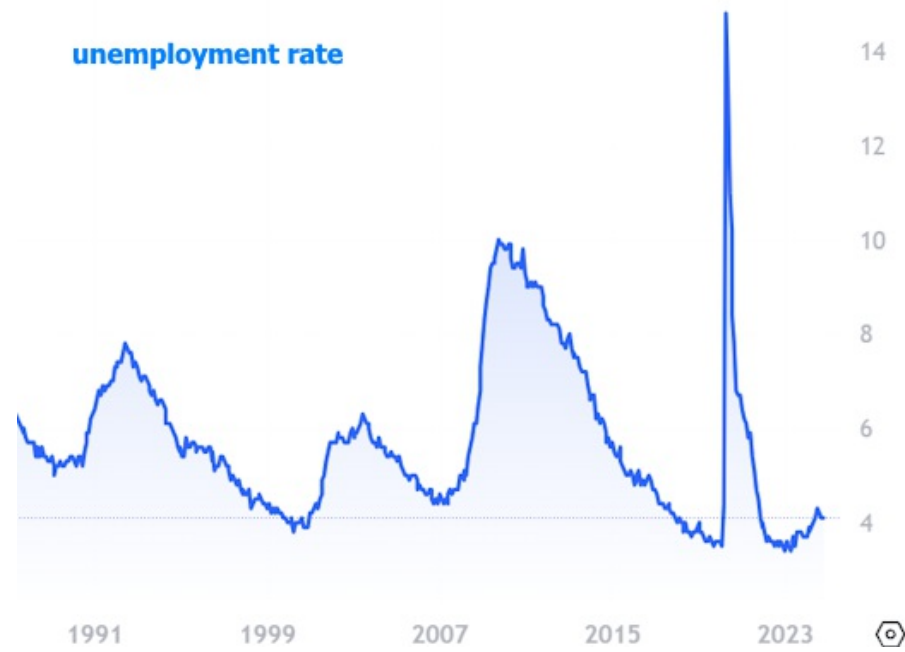
Perhaps more importantly, traders assumed that last month's incredibly small 12k NFP would be revised much higher. Instead, it was only revised up to 36k. Finally, the combination of the labor force participation rate and unemployment rate suggests the actual level of unemployment was 0.2% higher than last time.

Even without the additional context from the labor force participation rate, the unemployment rate trend seems clear.

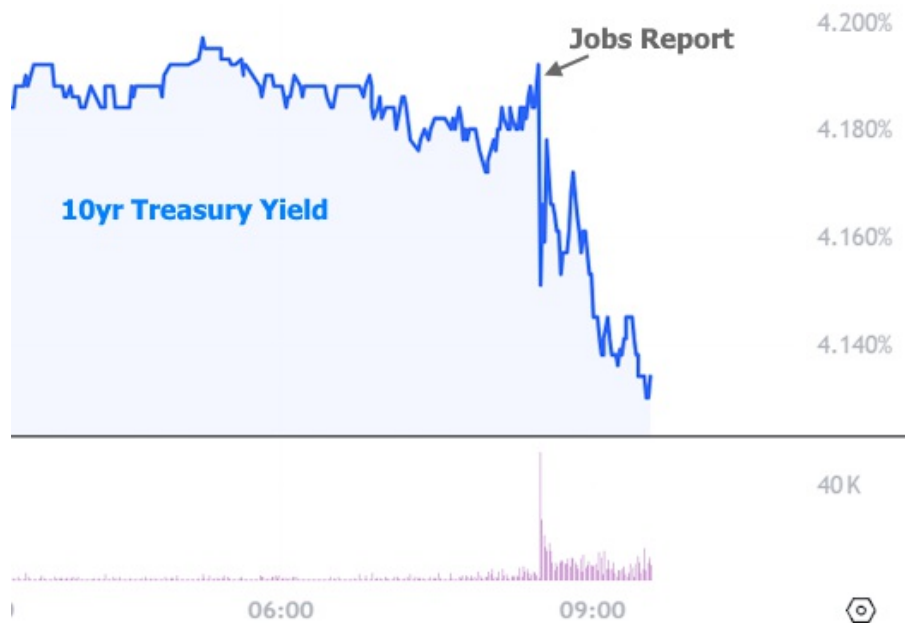
Unemployment Rate, Unrounded



The counterpoint is that 4.2+ is still historically low, but this isn't a data series that tends to reverse course so quickly once a new trend gets underway.



These mitigating factors are more than enough for traders to look past the modest beat in the headline NFP number.



The counterpoint to this morning's rally is that it's just not that big as far as NFP-driven rallies go--not even as big as Wednesday's ISM/Powell combo.



The reaction has been more compelling with respect to Fed rate cut expectations, helping quite a bit to increase the odds of a December cut. Notice the lack of a reaction in Fed Funds Futures to Wednesday's data in the chart below. This is just an interesting observation about what matters to the Fed rate outlook and what doesn't.

