

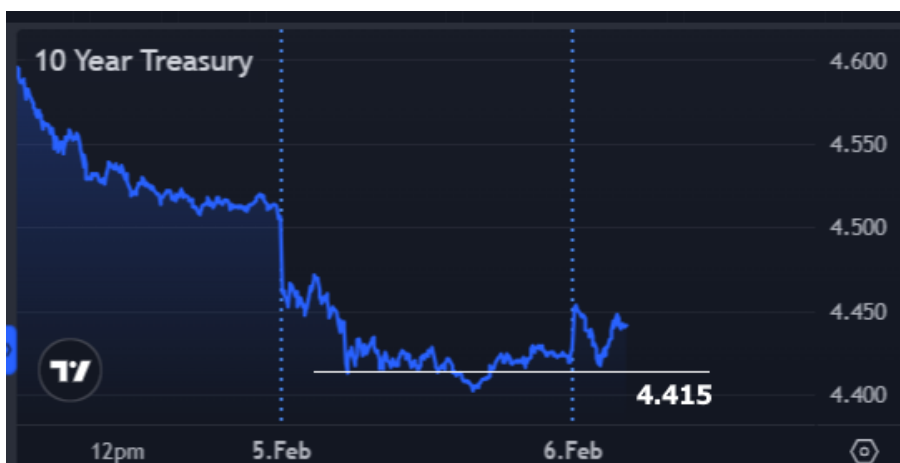


## The Day Ahead: Consolidation Ahead of Jobs Report (Which Still Matters)

Coming off yesterday's solid rally, the bond market underwent a modest correction in the overnight session. Most of the gains remain intact, but the bounce makes a case for a short term yield floor at 4.415--a level that saw multiple bounces yesterday and another one just this morning after the jobless claims data. With no other big ticket data on tap, it wouldn't be a surprise for bonds to opt for "consolidation" ahead of tomorrow's big jobs report. On that note, keep in mind that despite the recent shift in focus in favor of inflation data, that the jobs report still matters and will always be a big ticket market mover for bonds. The increased focus on CPI simply means that it is once again competing in roughly the same league as NFP as opposed to being a competent understudy.



**Matt Graham**  
Founder and CEO, MBS Live



Jobless Claims, Week by Week, Not Seasonally Adjusted

