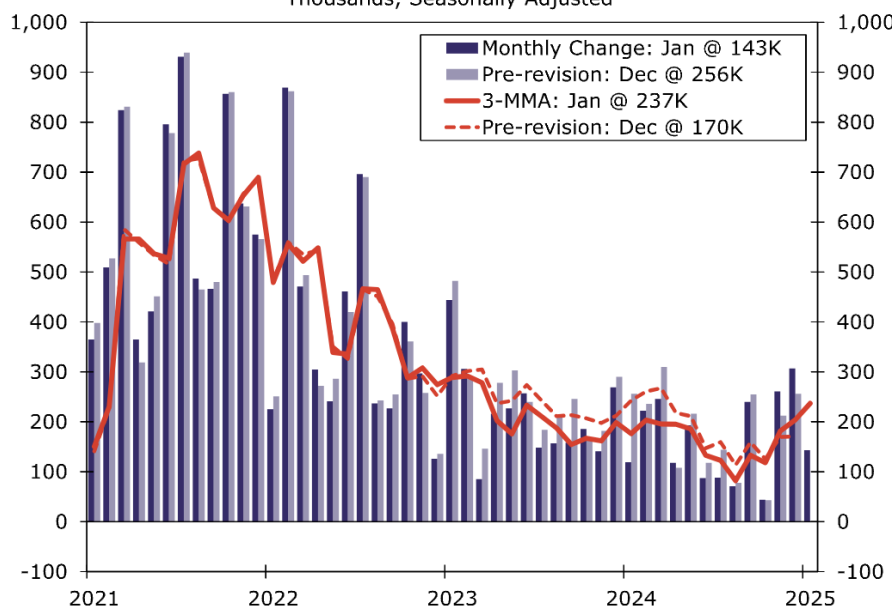


The Day Ahead: Why Are Bonds Not Liking The 143k vs 170k NFP?

As always, the jobs report matters. Today, we're seeing an obvious reaction to a fairly minimal miss (143k vs 170k f'cast in the headline job count). If that was the only data point in the report, bonds would likely be rallying. But after considering the other data, traders have been more inclined to sell. A full and detailed assessment of this other data would be both mind-numbing and voluminous. Here it is in a nutshell. Revisions to the past two months more than offset this month's miss. Note the 3 month moving average of payrolls moving higher:

U.S. Nonfarm Employment Change

Thousands, Seasonally Adjusted



Source: U.S. Department of Labor and Wells Fargo Economics

Bigger picture annual revisions took away fewer jobs than expected, and actually added jobs to the past few months.



Ethan Brooks

Mortgage Advisor / Branch Manager, Fairway Mortgage

ethanbrooks.mortgage

M: (414) 488-0438

11220 W Burleigh St
Wauwatosa WI 53222
1639987



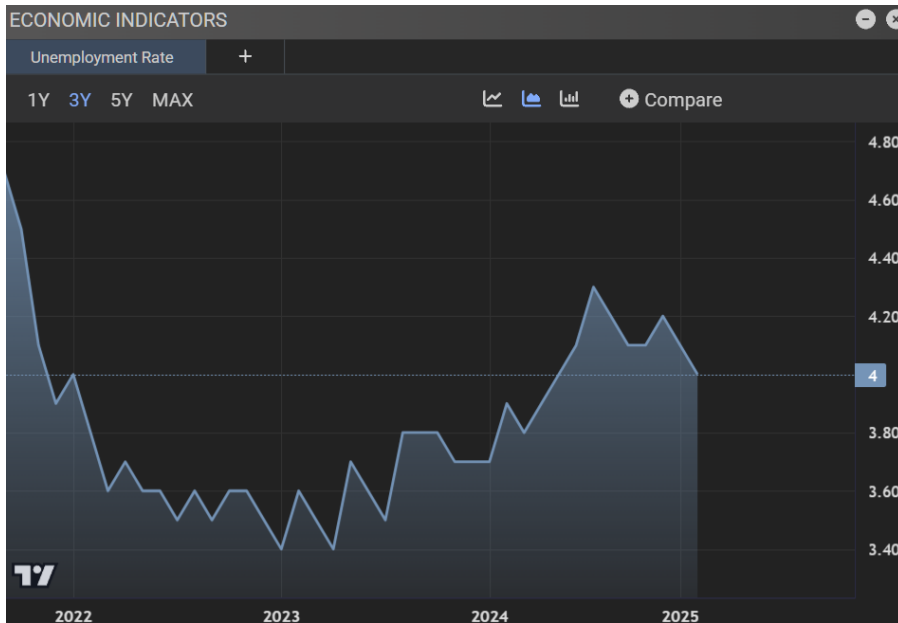
Table A. Revisions to total nonfarm employment, January to December 2024, seasonally adjusted (Numbers in thousands)

Year and month	Level			Over-the-month change		
	As revised	As previously published	Difference	As revised	As previously published	Difference
2024						
January.....	157,049	157,560	-511	119	256	-137
February.....	157,271	157,796	-525	222	236	-14
March.....	157,517	158,106	-589	246	310	-64
April.....	157,635	158,214	-579	118	108	10
May.....	157,828	158,430	-602	193	216	-23
June.....	157,915	158,548	-633	87	118	-31
July.....	158,003	158,692	-689	88	144	-56
August.....	158,074	158,770	-696	71	78	-7
September.....	158,314	159,025	-711	240	255	-15
October.....	158,358	159,068	-710	44	43	1
November.....	158,619	159,280	-661	261	212	49
December(p).....	158,926	159,536	-610	307	256	51

(p) = preliminary

positive revisions

The unemployment rate ticked down even though more people entered the workforce.



The prime working age employment to population ratio has continued to erase the late 2024 slide that had the Fed concerned enough to cut 50bps in September. Bottom line: 143k pay not be a huge payroll number, but almost every other part of the report fails to raise any red flags that might contribute to higher rate cut probabilities.

