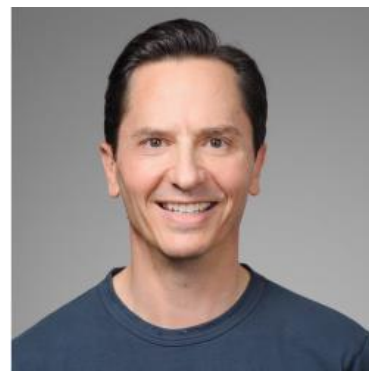


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The Day Ahead: Jobs Report Not Bad Enough to Justify The Lead-Off

The bond market was likely taking a bit of a lead-off ahead of today's jobs report, inspired by a string of weaker economic data over the past week. Wednesday's ADP and ISM data had an especially notable impact, prompting us to note the asymmetric risk associated with NFP at the time. In other words, traders were gearing up for a number that was even lower than the 130k consensus. When the actual number came out at 139k, there was a rush to get back into a more neutral position. While it's true that last month's NFP was revised to 147k from 177k, this is not significant evidence of weakness in the bigger picture. 177k was a big beat at the time and 147k is still quite healthy given current immigration dynamics. Top it all off with a relatively steady 4.2% unemployment rate and this report simply wasn't bad enough to justify the lead-off.



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