The Day Ahead: Jobs Report Comes in Stronger. Bonds React Logically

Apart from the fact that this morning's jobs report contrasted starkly from the slew of anecdotal evidence suggesting a weaker labor market in June, the morning has proceeded almost exactly as expected. We assumed that even an on-target result was worth a bit of bond market weakness given the apparent "lead-off" induced by preceding data. The moderately stronger result (147k vs 110k f'cast) was more than enough to add some emphasis to the sell-off. Add the 0.2% drop in unemployment and it was game over. Are there some "yeah buts" in the data? Sure, but none so striking as to suggest yields should be lower instead of higher today.

One potential saving grace for the bond market (maybe not today, but in the next few months) is that revisions have been much more aligned with the consensus.

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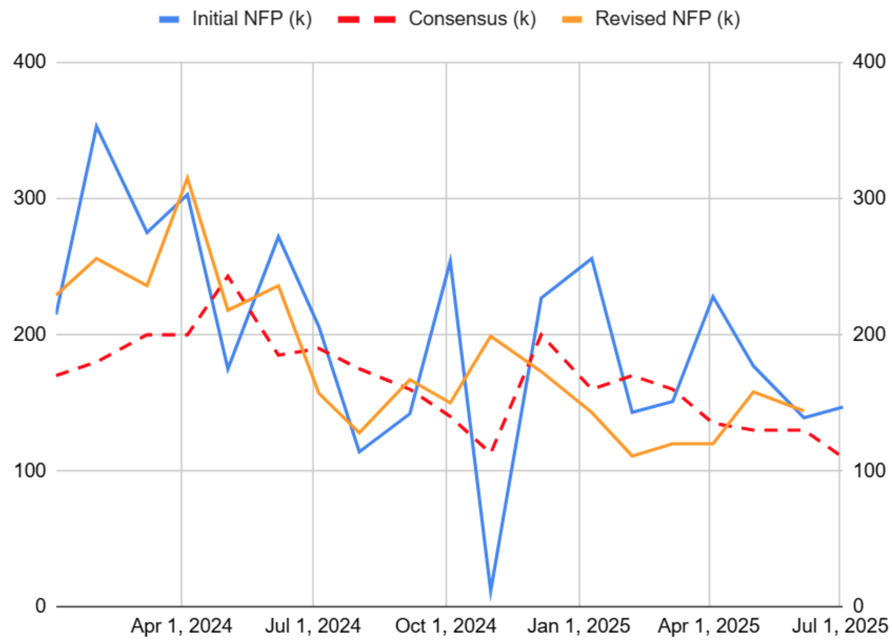
Initial NFP (k)
Consensus (k)
Revised NFP (k)
400
300
200
100
0
Apr 1, 2024
Jul 1, 2024
Oct 1, 2024
Jan 1, 2025
Apr 1, 2025
Jul 1, 2025