

MBS & TREASURY MARKETS

Daily Coverage. Industry Leading Perspective.

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.



Paul E Smith

Owner, Main Street
Mortgage Company

www.texasmainstreet.com

P: (713) 528-1245

M: (713) 480-7385

3100 Richmond Ave
Houston TX 77098

MSMC NMLS 296814

Paul E Smith NMLS 193580



Initial NFP (k) Consensus (k) Revised NFP (k)

