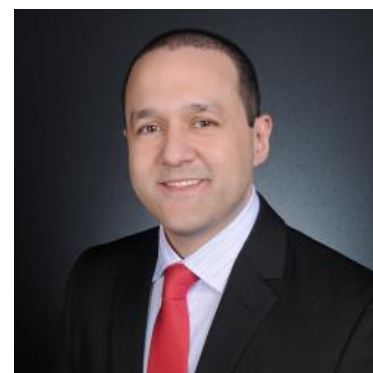


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The Day Ahead: Another Weak Jobs Report. Another Bond Rally

It's a fairly straightforward morning with NFP coming in much weaker than expected with additional net-negative revisions to the previous 2 months. The only real caveat is that the unemployment rate suggests a more gentle softening of labor market conditions--a fact that likely accounts for 10yr yields "only" being 6-7bps lower in the first half hour of post-NFP trading. The other way to account for it is to say that bonds had already rallied from 4.3 to 4.16 in the 3 days leading up to this morning. That overall move is about the same size as the 8/1 post-NFP rally. Either way, bad news for labor market is good news for rates.



Dagoberto Castillo

Broker Owner, Obtain A Mortgage, LLC

ObtainAmortgage.com

M: (954) 271-2995

3750 NW 87th Ave, Suite 700
Doral FL 33178

Dagoberto Castillo - NMLS #
385009

Obtain A Mortgage, LLC - NMLS #
2636344



