

MBS & TREASURY MARKETS

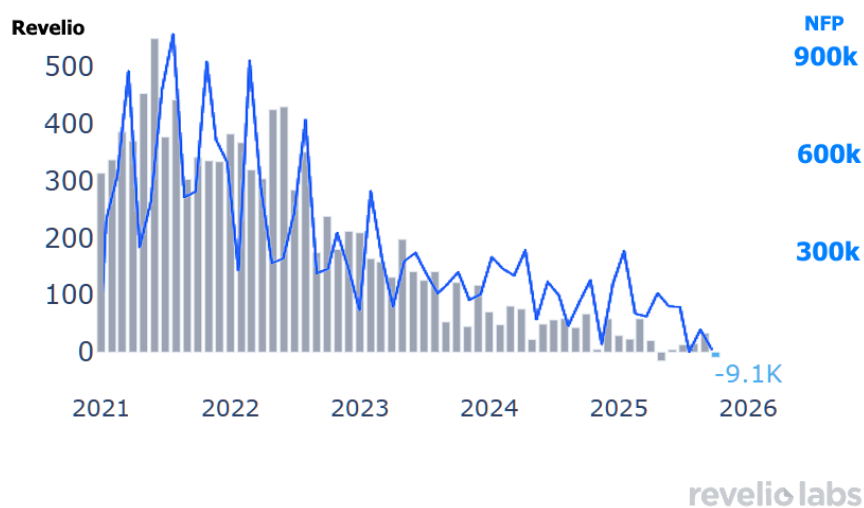
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The Day Ahead: New Data Sources Bring New Inspiration

The shutdown has not only placed more emphasis on the alternative data that was already in the rotation, but also fueled interest in new sources. One that you'll likely hear more about in the coming months is Revelio Labs, a company using data aggregation and modeling to synthesize its own version of nonfarm payrolls. While it's far from an exact match, the trends are similar, and Revelio's data is less volatile (much like ADP always has been). All that to say, there's no great way to justify this morning's rally in bonds without the Revelio release at 8:30am ET, which showed a decline in monthly job creation.

Monthly change in non-farm employment

Thousands of persons, seasonally adjusted



It would be easy to mistake today's rally as a product of an extremely high number of layoffs reported by the firm Challenger, Gray, and Christmas (aka Challenger Job Cut Report or "Challenger Layoffs"). But note that Challenger was released several hours early in the overnight session. It definitely had an impact, but bonds went right back to business as usual shortly thereafter.



Heather Woods

Branch Manager- Broker-
Loan Originator, Woods
Lending Solutions -
Powered By My Community
Mortgage

www.truluxecapital.com

M: (210) 392-8299

heatherwoods@myhomeloans.com

Humble TX 77346

833399



