

MBS & TREASURY MARKETS

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A message from Marc Erickson:

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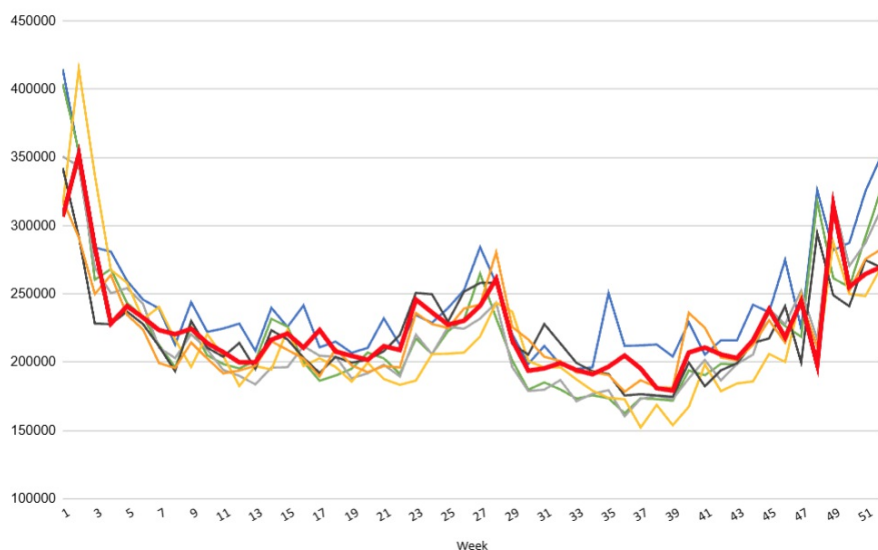
The Day Ahead: A Bit of Actual Data-Driven Selling Thanks to Jobless Claims and Wonky Seasonal Adjustments

Human traders may be extremely underrepresented on today's half-day trading session, but the robots/algos know what to do with a sub-200k Jobless Claims print. Robots are also not smart enough to know that the sub-200k print is likely distorted by the uncommon occurrence of Christmas falling on a Thursday (last time was 2014). This means seasonal adjustment factors are attuned to more common scenarios where x-mas falls on a Monday. The same issue cropped up after Thanksgiving and claims bounced back in line with the trend the following week. Nonetheless, there's no other input for rates to trade this morning, so we're losing ground.

We can also consider a new post-covid trend that perhaps hasn't yet been accounted for in seasonal factors. In the non-adjusted data, note that 2017-2019 all spike at the end of the year unlike each of the post-covid years that hold a flatter trajectory.

Jobless Claims, Week by Week, Not Seasonally Adjusted

2017 2018 2019 2022 2023 2024 2025



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