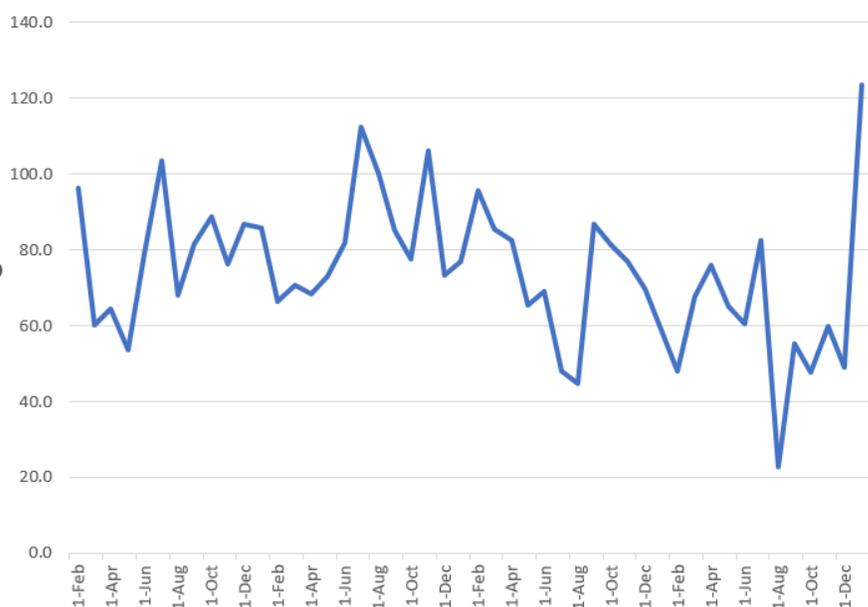


## The Day Ahead: Bonds Selling But Not Panicking After Super Strong Jobs Numbers

Nearly an hour after this morning's surprisingly strong jobs report, 10yr yields are only 4.4bps higher at 4.19%. On a normal day, 4.4bps might be a fairly big sell-off, but it's a huge victory on a day where payrolls came in at 130k vs 70k forecast, and where the unemployment rate fell to 4.3 vs 4.4 expectations. Moreover, labor force participation moved 0.1 higher, which means the unemployment downtick is an even stronger sign (all else equal, unemployment will rise 0.1 if participation rises 0.1). The only knock on the data is that the healthcare sector did all the heavy lifting, and it was well outside the recent range of gains.

Health Care Payrolls, m/m change



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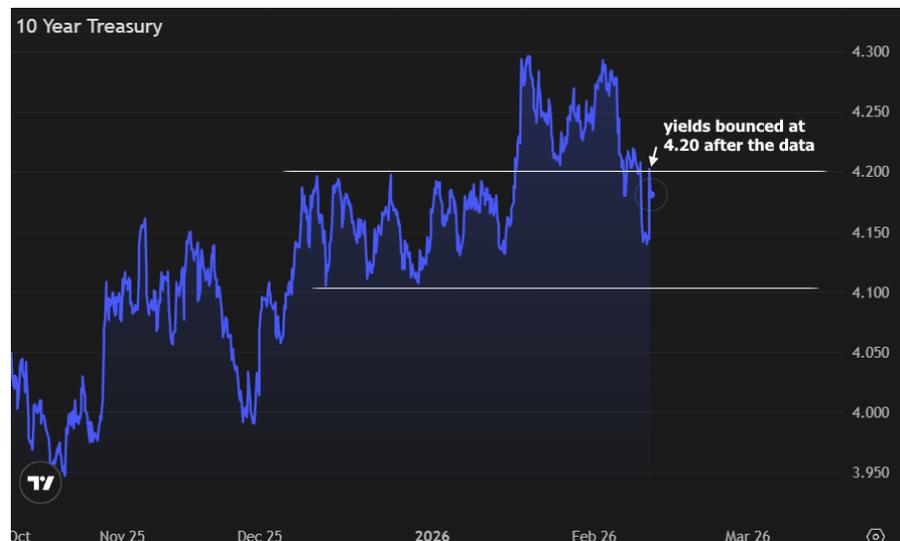
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In other news, there will be plenty of buzz today about the "massive" annual benchmark revisions to non-farm payrolls that came out with today's data. Be aware that this is not a surprise to the market. In fact, the market expected an even bigger downward revision. Also be aware that this is just info for economists and statisticians. It has no impact on the unemployment rate. It doesn't mean the labor market was weaker than initially reported. It exists solely for the purpose of updating models to more accurately measure changes in payroll counts in the future. Month to month changes in payrolls matter to the bond market. Huge annual benchmark revisions do not. Unfortunately, they've gained a status as a talking point.