The Day Ahead: Logically Weaker After Solid Jobs Report, But It's a Ghost Town

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Today's jobs report is/was the only big-ticket calendar event and the most obvious source of bond market inspiration. That's doubly true considering the even earlier-than-normal early close (12pm ET) for Good Friday. Payrolls were hot at 178k vs -133k previously. The big swing is the first hint that payrolls should be taken with a grain of salt. Large swings were expected, to some extent, due to large strikes and the end of those strikes. Weird weather played a role to a lesser extent. Strikes aside, the market has shifted its jobs report focus more toward the unemployment rate over the past year or two due to rapid changes in the number of new payrolls required to sustain a flat unemployment rate. On that note, unemployment was decent, but not stellar (0.01% drop offset by a similar 0.01% drop in labor force participation). 10yr yields are 3-4bps higher as a result, which feels about right.

A caveat to all of the above: it's a veritable ghost town in the bond market today. Good Friday is normally a full holiday. Overseas TSYs were closed overnight. Many key players in MBS and TSYs are closed for the day. Volume is pitifully low. We wouldn't read anything into any bond market movement today unless an obviously huge war-related announcement comes out later. Even then, there are only 3 hours left to trade.