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The Day Ahead: Bonds Only Moderately Higher After Balmy NFP

The jobs count surged higher (162k vs 56k f'cast) in this morning's jobs report. While such wild divergences will have the masses crying foul, and while this is a large beat, it's not the first time that the headline job count has been this far off forecasts. This is especially understandable amid recent volatility in labor force composition. One minor saving grace is the steady unemployment rate, but unfortunately, the participation rate increased by 0.2%, which means the unemployment rate would have fallen 0.1-0.2 (depending on rounding) all else equal. Bonds weakened immediately on the news but 10yr yields are currently only 2.8 bps higher on the day.



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The put this in better context, it has basically erased yesterday's Waller reaction in Fed Funds Futures--not a big move in the bigger picture.

