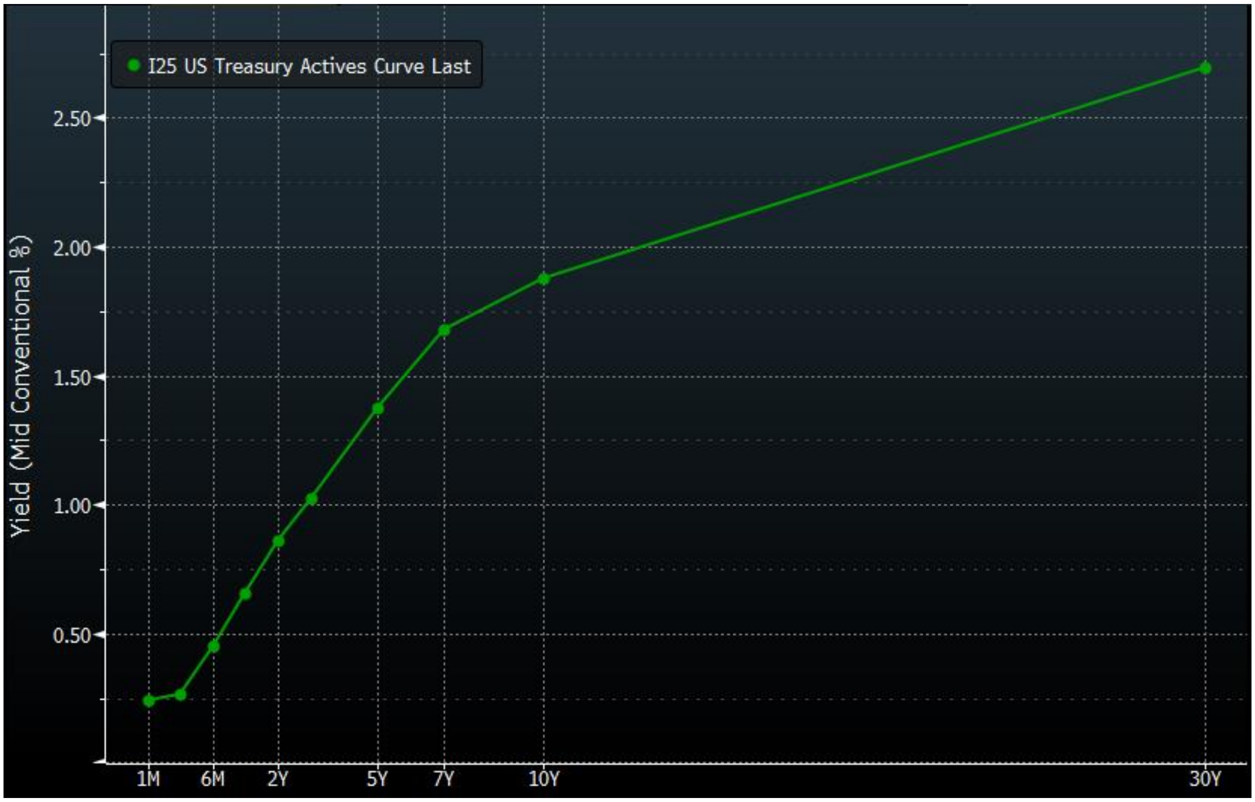
Bond Report

This week, The US Treasury yields climbed to their highest level in a month because of strong economic data. Indeed, Tuesday's strong stock market pushed yields up since investors were selling their Treasuries to invest in riskier assets. The equity market rally, mostly driven by stronger than expected data on both construction and U.S. manufacturing, as well as rising oil prices, pushed investors to harshly sell off their U.S. Treasuries in favour of riskier assets. On Wednesday, the selloff of Treasuries continued because of a stronger than expected job report. Because of a strong labor market and a rising inflation rate, investors start to believe that the FED could raise its interest rate later this year. These two consecutive days of selloff pushed yields to their highest level in a month. The yield on the 10-year note reached a level of 1.85%, its highest level since February 4. However, Treasury yields decreased on Thursday as many economic report pointed a slowing U.S. growth. The Treasury market was muted on Thursday as many investors were waiting for Friday's employment report. Indeed, this report will be determinant to anticipate the future FED's moves. The yield on 10-year Treasury note decrease about 1.7 bps to 1.83% a reasonable level as recent economic data are robust enough to stay at the 1.8% level. On Friday, The Labor Department stated that 242,000 new jobs were created in February, beating analysts' estimates of 198,000. Following that news, Treasury yields rose to their highest level in a month, as the probability to see a rate hike increased for the year 2016. Overall, the two-year note gained 7.6 bps over the week with 3.2 bps only on Friday, and finish the week at a 0.87% level. The 10-year note gained 11.7 bps over the week with 5.2 bps on Friday, to reach 1.88%, its highest level since the beginning of February. Among longer maturities, the yield on the 30-year bond gained 7.3 bps over the week, with 1.5 bps on Friday and finish the week at 2.7%.



What's next and key earnings

No special report are expected for this week.