Bond Report

U.S. bonds yields slightly rose this past week subsequent to a slight decrease in bond prices. Bond yields have gradually been on the decline since the beginning of the month, with the yields on benchmark 10 year notes as high at 2.24% on March 6th after the nonfarm payrolls report for February indicated strong jobs growth. The same yields slumped below 2% on March 18th to 1.93% and have remained relatively flat up to the start of this past week. On Monday March 23th, the market opened with the yield of benchmark 10 year notes at 1.92%, incurring a slight decrease to 1.88% on Tuesday. Bond yields continued to decrease on Tuesday as investors piled in to the bond market as a result of last weeks Fed meetings with Janet Yellen, in which it was made very probable that the Federal Reserve would take its time in gradually raising interest rates. This is the lowest the yield has been in more than six weeks, that being since the February 5th, 2015 when the 10 year yield closed at 1.83%. This past Thursday, March 26th, U.S. government bonds sold off for the second straight session causing a fairly drastic increase in yields. The selloff sent the yield on 10 year benchmark notes back above 2%, settling in at 2.1% at the close on Thursday. The selloff comes as a result of an upbeat labor market report released on Thursday, the 26th as well as a weak 7 year-notes auction. The labor market report released on Thursday was the initial U.S. jobless claims which showed a decrease of 9,000 to a seasonally adjusted 282,000 for the week ending on March 21. In addition, the bond market’s price decline intensified as the market took out a $90 billion package of seven, five and two-year Note auctions this past week, which saw very unfavorable demand volume. There was $29 billion worth of 7-year notes up for auction which saw its lowest overall demand since May of 2009. Five year notes worth $35 billion also saw its lowest demand since 2009. Bond yields slightly corrected back below 2% on Friday, closing at 1.95%.





What’s Next & Key Earnings

On Monday, 30th, the U.S. Pending Home Sales (MoM) report will be released. The National Association of Realtors (NAR) Pending Home Sales Report measures the change in the number of homes under contract to be sold but still awaiting the closing transaction, excluding new construction.

On Tuesday, March 31st, the U.S. CB Consumer Confidence report will be released. Conference Board (CB) Consumer Confidence measures the level of consumer confidence in economic activity. It is a leading indicator as it can predict consumer spending, which plays a major role in overall economic activity. Higher readings point to higher consumer optimism.

On Wednesday, April 1st, the ADP National Employment Report will be released. The ADP National Employment Report is a measure of the monthly change in non-farm, private employment, based on the payroll data of approximately 400,000 U.S. business clients. The release, two days ahead of government data, is a good predictor of the government's non-farm payroll report. The change in this indicator can be very volatile.

On Friday, April 3rd, Nonfarm Payrolls report will be released. Nonfarm Payrolls measures the change in the number of people employed during the previous month, excluding the farming industry. Job creation is the foremost indicator of consumer spending, which accounts for the majority of economic activity.

On Friday, April 3rd, the U.S. unemployment rate will be released. The Unemployment Rate measures the percentage of the total work force that is unemployed and actively seeking employment during the previous month.

The market will be closed on Friday due to Good Friday.

