Bond Report

U.S. Treasury bonds rallied this past Friday as the dollar weakened, most notably on Friday, April 3rd. A disappointing jobs report was the main factor in the rally which was released at 8:30 AM this past Friday. The job report noted the U.S. economy adding 126,000 nonfarm jobs in March, compared to a much higher expectation of 248,000 nonfarm jobs being forecasted by economists in a poll by The Wall Street Journal. This was the smallest increase in nonfarm jobs since December of 2013. The report was another notch in the belt of a series of economic indicators which shows tapering growth in the U.S. The report strengthens investor’s expectations that the Fed will not increase the Federal interest rate any earlier then September or October. As a result, bond yields dropped drastically as shown on Friday morning in the chart below. The yield on benchmark 10 year treasury notes dropped to a two month low Friday morning to 1.80%, after closing the night before around 1.92%. The yield later slightly recovered, closing in to the weekend at 1.85%. Bond yield have been gradually dropping over the past couple of weeks as the Fed have been conducting various meetings to talk about their patience in hiking interest rates. Bond yields recovered on Monday closing back around 1.90%.





What’s Next & Key Earnings

On Wednesday, March 7th, there will be a 10-year Note Auction. Yield fluctuations should be monitored closely as an indicator of the government debt situation. Investors compare the average rate at auction to the rate at previous auctions of the same security.

On Wednesday, March 7th, there will be a FOMC Meeting Minutes record released. The Federal Open Market Committee (FOMC) Meeting Minutes are a detailed record of the committee's policy-setting meeting held about two weeks earlier. The minutes offer detailed insights regarding the FOMC's stance on monetary policy, so currency traders carefully examine them for clues regarding the outcome of future interest rate decisions.

On Thursday, March 8th, an U.S. Initial Jobless Claims report will be released. Initial Jobless Claims measures the number of individuals who filed for unemployment insurance for the first time during the past week. This is the earliest U.S. economic data, but the market impact varies from week to week.

On Friday, March 9th, a Federal Budget Balance measure will be released. The Federal Budget Balance measures the difference in value between the federal government's income and expenditure during the reported month. A positive number indicates a budget surplus, a negative number indicates a deficit.

