

January 10, 2025

Jobs

- **Focus is on US NFP** and whether it adds or subtracts from Fed easing plans
- **Growth stories overnight** with GDP up in Sweden, industrial production up in Turkey, India
- **China stops bond buying for now** – with higher yields in Asia, EU and US again.

Summary

Risk mixed with APAC equities lower on US, EU shares bouncing with data better but focus is still on bonds and UK. US bonds are waiting for US jobs report. Canada jobs, Brazil production also out with the preliminary US consumer confidence for January – all this is going to keep US bonds in focus and as an offset to US equities – with 5% still seen as a trigger point for asset allocation shifts.

What's different today:

- **Oil is up 2.75% to \$75.95 WTI – 3-month highs** – linked to strong China demand and smaller US inventories
- **China 10-year rates up 3bps to 1.65%. 2Y up 5bps to 1.20%** with China PBOC suspends open market bond buying – cites “shortage of supply” – after the central bank bought CNY1trn since August of bonds.
- **iFlow showing more equity buying** with G10 Australia, Canada, Swiss, Japan, Norway and Sweden – with main sectors energy, consumers, IT and communications. The FX markets mixed, with EUR selling accelerating, USD ongoing along with AUD but CAD, GBP buying. EM seeing BRL and PHP, IDR buying. Fixed income notable bounce in US bond buying along with UK Gilts.

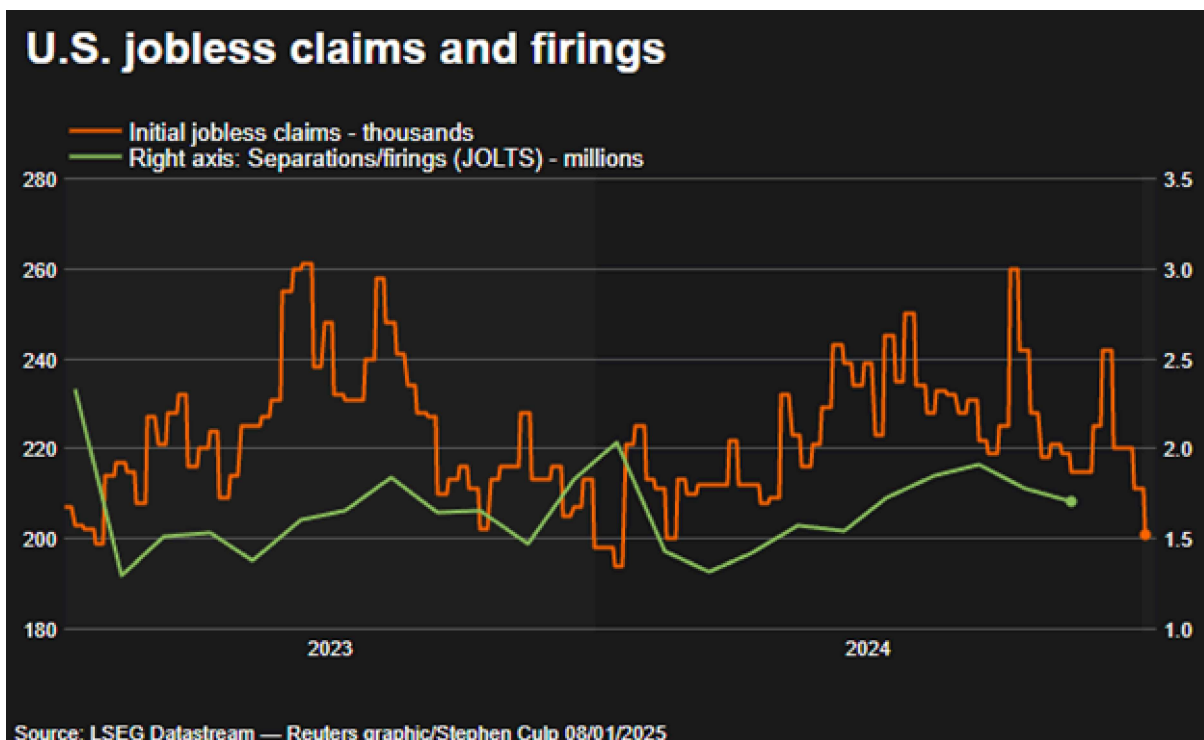
What are we watching:

- **US December non-farm payrolls** expected up 160,000 slowing from 227,000 in November. The unemployment rate is expected steady at 4.2% while hourly earnings are expected up 0.3% slowing from 0.4% m/m.
- **US January preliminary University of Michigan consumer sentiment** expected 74 flat to December, with current conditions 75.1 and future 72.7 from 73.3.
- **Fed Speaker** – Chicago Fed Goolsbee on CNBC – known dove with his spin on jobs report key
- **US Earnings: Delta Airlines** expected 4Q 3.8% y/y jump in revenues before bell, while **Walgreens** in talks for potential sale to Sycamore will be judged around 4Q earnings, and **Constellation Brands** – the top-selling beer producer in US – reports.

The Takeaways:

The December jobs is upon us and the mood for markets is one of calm but all that could change at 8.30. The claims data is pointing to a steady job market while the other anecdotal reports from surveys are less supportive. The risk of a blowout of 200k NFP or higher isn't in the price and if that happens the US rate market could unwind more Fed cuts and leave USD bid and stocks offered. Good news on the US economy could be taken badly for risk markets. On the other hand, very weak news could be bad for the USD and good for bonds which remain in a zone where asset allocation stories abound. Money flows back to the cheaper rest of world equities could also follow.

Exhibit #1: Will rates be higher after 8.30?



“The Only way to do great work is to love what you do.” - Steve Jobs

Please direct questions or comments to: iFlow@BNY.com

Disclaimer & Disclosures



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