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Weekly Bond Commentary:

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Is the labor market up or down?

When is a bad number truly bad, and when is it okay? That is the question that markets puzzled over last week.

The February employment report was released on Friday, and it surprised the market by coming in well below expectations. Following December's strong gain of 227,000 new jobs and January's 311,000, February's gains were a comparatively puny 20,000. Complicating the market's understanding of this result were positive figures, including that the unemployment rate fell from 4% to 3.8% and average hourly earnings rose at the fastest pace since February 2009. So is this a weak jobs market, or a strong one?

The European Central Bank and the OECD both lowered 2019 growth expectations for Europe and the world. Concerns about China had the markets on a more defensive edge.

Other US economic data were somewhat more upbeat, and also less ambiguous, including a rebound in the housing market, as building permits, housing starts and new home sales all rose.

For the week, Treasury yields fell across the curve, as 2-year yields fell from 2.55% to 2.46%, 3-year yields fell from 2.53% to 2.43% and 5-year yields fell from 2.56% to 2.42%.