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MASSACHUSETTS MUNICIPAL DEPOSITORY TRUST

Weekly Bond Commentary:

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John T. Gentry, CFA
Senior Vice President
Senior Portfolio Manager
Head of Corporate Fixed-Income Group

Getting back on track

Routines can be comforting.

That's what the markets realized once the monthly employment report was released last week. The U.S. economy added 196,000 new jobs in March, well above the upwardly revised 33,000 jobs added in February. In fact, the paltry February tally, originally reported as only 20,000, set off speculation that the economy was heading toward recession. With the strong March result, concerns eased, as the 3-month increase in job gains rose to 180,000, close to trend levels.

Education, health and construction jobs were some of the largest gainers in March. The overall unemployment rate held steady at 3.8%, while the growth in average annual hourly earnings slowed from a robust 3.4% pace in February to 3.2% in March, likely driven lower by a slightly higher average workweek.

Other economic data released last week painted a more mixed picture. Weekly jobless claims clocked in at 202,000, lowest since December 1969, reinforcing again the strength of the labor market and bolstering consumer confidence. With lower interest rates, mortgage applications surged and auto sales posted their strongest month since December. Retail sales and manufacturing measures split the difference: February retail sales actually fell 0.2%, but January sales were revised much higher. Two surveys of manufacturing modestly went in different directions, though both were still in positive territory.

For the week, Treasury yields rose across the curve, as 2-year yields rose from 2.27% to 2.35%, 3-year yields rose from 2.21% to 2.30% and 5-year yields rose from 2.23% to 2.32%.