

The Trean Report by Matt Carinato

Friday June 7, 2024

Ahead of today's NFP report at 8:30 AM ET, USD assets are largely marking time, yields slightly higher, stocks slightly firmer, USD small softer. It's all about the number today and then it won't be after that because we'll switch our focus to the FOMC meeting on Wednesday by later this afternoon.

As much as it pains me, here are the breakevens implied buy US Treasury future options today:

US CLASSIC- 8.122 bps

TN 10Y- 8.324 bps

TY- 9.47 bps

FV: 10.761 bps

Blah blah blah, a touch richer than the six-month average, but not quite as rich as last month. Bloomberg is blabbering (correctly this time) that the whisper number continues to shrink; the headline number is in the 150-165K range here. It would seem (here comes the Clue Sales Guy to hit me with an anvil again) that given the market trade and the whisper number the risk is to a strong number. Will argue here that perversely the risk is to a weaker number still. If we get a strong number, would not want to be short at the first print, as we can't shake the duration short for anything. If we have a weak number, we will reprice at least 10 bps lower in yield before we come off later in the day.

The one and just about only thematic thing that we keep noticing for the last week or so is the paying in USD swaps out of Asia, and yesterday that included through part of the London session. Think it's more balance sheet related than "trade view driven" but you do have to work in considering the impact of Japanese MoF having sold something on the order of \$30-40BN in USTs to finance their \$62BN intervention in \$/¥ over the last 6 weeks. Market sure took that selling down easily, didn't it???

Andy is already tired of hearing me complain about all the morons who are short here and are preventing the market from going lower (hmmm, anybody got a mirror for me?). We stopped writing because there is nothing meaningful to write anymore. See no reason to start again. As a matter of fact, think I am going to take some time off....

Good luck today and have a great weekend,

mjc

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