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Bond Yields Rise After Jobs Report

BY DAVID UBERTI

Treasury yields climbed modestly after a Labor Department report showed the U.S. added a better-than-expected 178,000 jobs in March, signaling the economy continued pushing forward as a once-in-a-generation energy shock upset global markets.

The 10-year Treasury yield rose to 4.344% from 4.32% before the Friday report and 4.31% late Thursday. Stock futures ticked slightly lower after the report. Major stock indexes were closed for the Good Friday holiday.

Friday's reading found the unemployment rate slipped to 4.3% from 4.4% from a month earlier, when an unexpected decline in jobs clouded the outlook for a Federal Reserve now contending with a lowhire, low-fire labor market and persistent inflationary pressures. The loss in February payrolls was revised to 133,000 from 92,000 previously.

Futures on Friday were pricing in a 76% chance that the central bank will hold rates steady through year's end, according to CME Fed-Watch, little changed from Thursday but up significantly from a month ago.

"This report tells us next to nothing about the Iran war's impact on the job market," Comerica Bank chief economist Bill Adams told clients.

"The Fed will hold rates steady for at least the next few decisions as they wait to understand the war's effects."

After the Dow Jones Industrial Average and S&P 500 in March posted their worst monthly declines since 2022, hope for a wind-down to the war in the coming weeks fueled a stock-market rally in recent days. All three major U.S. indexes finished the week up 3% or more.

"You would expect prices to go down as traders took profits and looked to reduce exposure over the long weekend, so the fact that they didn't is the dog that didn't bark," said Chris Zaccarelli, chief investment officer for Northlight Asset Management. "We believe the [price] risk is to the upside."

But oil analysts warn that impacts are piling up from a 10-million-barrel-a-day supply disruption, while a buildup in both U.S. and Iranian forces suggests the war could be entering a perilous new phase.

Polymarket bettors Friday morning put the chances that U.S. forces will enter Iran by April 30 at 87%, up from 66% earlier in the day. Polymarket has a data partnership with Dow Jones, the publisher of The Wall Street Journal.

Bettors also ramped up wagers Friday that U.S. oil prices will reach \$120 a barrel in April. Polymarket put the likelihood of those higher prices at 74% midday, up from 68% early Friday. On Thursday, benchmark U.S. crude futures jumped 11% to \$111.54 following an address by President Trump that provided little clarity on an exit strategy from Iran or a reopening of the Strait of Hormuz.

Now, traders will wait until futures open Sunday night to see how crude prices—the key variable across financial markets in recent weeks—respond to the latest U.S. and Iranian maneuvers.

Higher oil prices are the latest challenge for a U.S. economy that has overcome crosscurrents sweeping through trade, consumer behavior and government spending. Growth late last year was slower than initially thought. New business activity in March fell to an 11-month low by one measure. The hiring rate in February was at its lowest level since the depths of the pandemic.

That has left the stock market searching for direction after a torrid multiyear rally, driven by artificial-intelligence mania, has run headlong into the largest oil-supply disruption in history.

Investors expect the energy shock from the war with Iran will propel inflation higher and force some Americans to siphon spending from elsewhere. The highest oil prices since 2022 catapulted the average U.S. price for gasoline to \$4.09 Friday, according to AAA, while diesel costs surged to \$5.53. Fallout from the war is expected to boost the prices of jet fuel, petrochemicals, plastics, asphalt and other byproducts of oil.

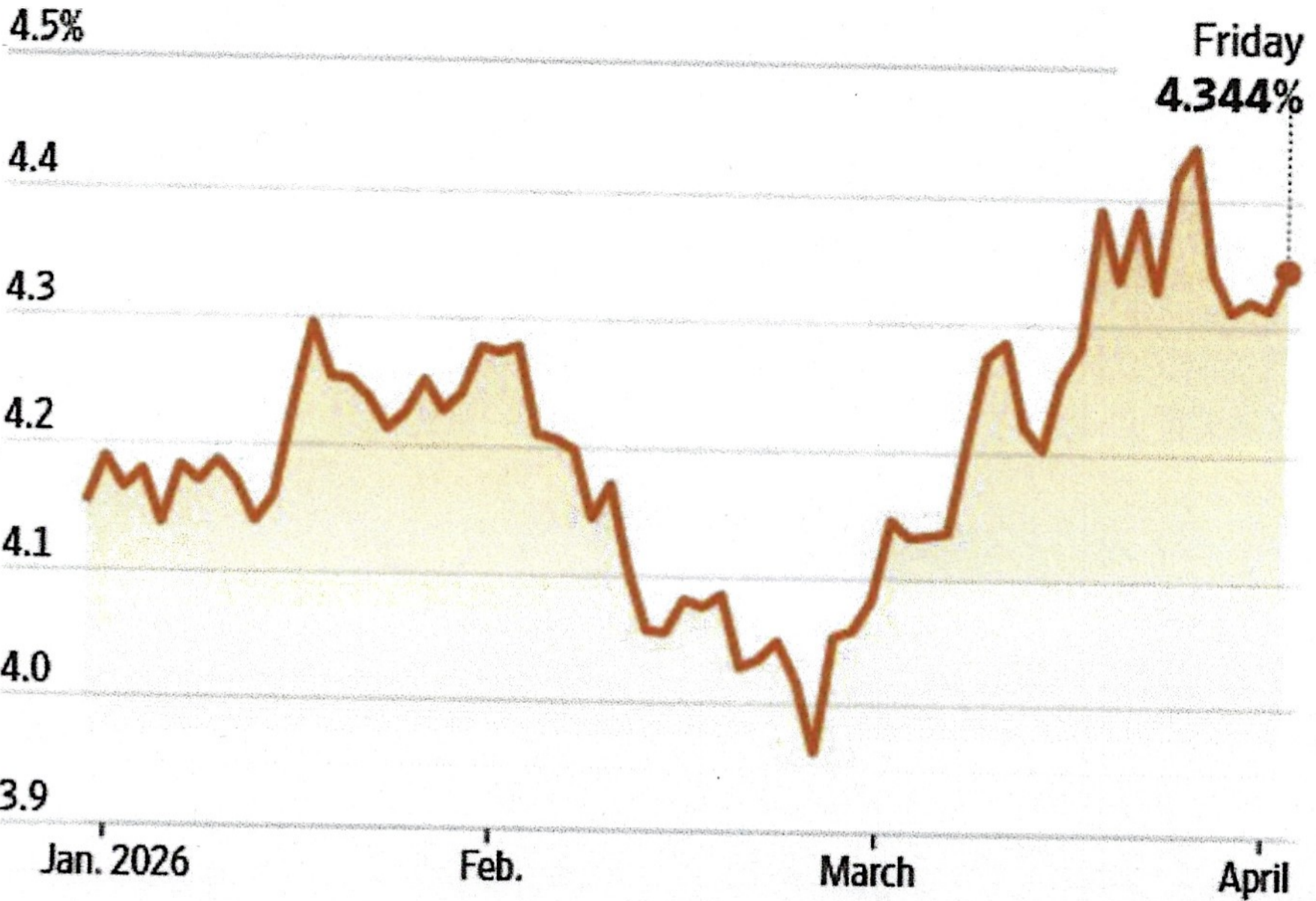
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10-year U.S. Treasury yield



Source: Tradeweb FTSE closes

