

Decline in Yields Halted by JOLTS

The first data release of the new month brought an abrupt halt to the rally in bonds as the JOLTS figures for May failed to reinforce the view that a weak labor market would prompt the FOMC to cut interest rates at its meeting late-July meeting. Job openings unexpectedly rose in May to the highest level since November. The number of available positions rose by 374k to 7.77 million, exceeding all estimates in Bloomberg's survey. The ratio of job openings per unemployed worker climbed modestly from 1.03 to 1.07. The Job Openings and Labor Turnover Survey (JOLTS) apparently benefitted from the de-escalation in tariff conflicts in May as tariff impacted industries such as transportation & warehousing (+60k) and manufacturing (+22k) saw gains. The lion's share of the increase came in leisure & hospitality services, an industry benefitting from demographic trends as baby boomers enjoy their retirement years. The JOLTS report presents a counter to the recent increase in continuing claims for unemployment benefits.

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