

### Stocks and yields rise after solid US jobs report eases economic concerns

- **SNAPSHOT:** Equities up, Treasuries down, Crude down, Dollar flat/down.
- **REAR VIEW:** Strong US jobs report, headline beats, u/e rate steady, avg. earnings down; AAPL lower & AMZN choppy after earnings disappoint; Beijing weighs fentanyl offer to US to start trade talk; TTWO delays release of GTA VI; OPEC discusses June production increase of about 400k BPD
- **COMING UP:** Data: Swiss CPI, EZ Sentix Index, US Employment Trends, ISM Services **Supply:** US **Earnings:** Palantir, Him & Hers, Ford, Realty, Tyson Foods, Rubis.
- **WEEK AHEAD:** Highlights include FOMC, BoE, US and China Services PMI, Canada jobs report and China trade. [To download the report, click here.](#)
- **CENTRAL BANK WEEKLY:** Previewing FOMC, BoE, Riksbank, Norges Bank; Reviewing BoJ. [To download the report, click here.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Earnings season continues, as highlights include PLTR, AMD, UBER, DIS, ARM. [To view the full list, click here.](#)

### MARKET WRAP

Stocks and yields finished Friday in the green with equity gains broad-based but the Russell outperformed with the strong April Jobs data reducing fears around the economy. In Treasuries, the curve bear flattened as traders pushed back Fed rate cut bets - both Goldman and Barclays pushed back their next rate cut calls to July from June following the data. The US NFP report came in above expectations while the unemployment rate remained steady at 4.2%, as expected. The data set the tone for the day with yields continuing to rise into settlement while stocks closed out around highs. Sectors all closed green with outperformance in Communication Services, while defensives, Consumer Staples and Utilities lagged (but still saw notable gains), with Tech also an "underperformer" but the majority of the sector was green, aside from heavyweight Apple (AAPL) after disappointing earnings on Thursday night. Amazon (AMZN) finished flat with earnings also underwhelming. In FX, the Buck was sold despite the strong NFP report but it did manage to reclaim 100 as the buck moved off the lows once Europe had left for the day. Meanwhile, Antipodes outperformed US/China trade hopes with WSJ reporting Beijing is considering a fentanyl offer to the US to start trade talks, which also helped keep stocks bid into the closing bell. Crude prices settled lower on reports OPEC+ is to bring forward the call to May 3rd to discuss June output plans, with sources reporting they are discussion a June production increase of about 400k BPD. Gold prices were hit in the risk on trade and move higher in yields, with lows seen as the Dollar staged its comeback from earlier lows. Attention next week remains on earnings, but also with the Fed rate decision and US ISM Services PMI due.

### US

**NFP:** The April US jobs report saw 177k jobs added in the month, above the 130k forecast and down from the prior 185k (which was revised down from 228k). The unemployment rate was steady at 4.2%, in line with expectations and beneath the year-end median FOMC projection of 4.4%. Overall, it was a strong report and will allow the Fed to continue being patient, despite some concerns from Governor Waller that if they wait to see an impact in the hard data from new administration policies, the Fed runs the risk of acting too late. However, the hard data continues to signal the economy is withstanding the recent volatility and uncertainty. Looking ahead to June, WSJ's Timiraos says "For now, it means the Fed doesn't have to say anything on June at next week's meeting "; adds "The April jobs report makes a June rate cut less likely ... as there will only be one more employment report before then". Both Barclays and Goldman Sachs pushed back their Fed rate cut calls to July from June in the wake of the report. Elsewhere in the NFP dataset, government payrolls rose by 10k, down from the prior 15k, while those employed by the federal government declined by 9k in April. Earnings were soft, with M/M rising 0.2% (exp. 0.3%, prev. 0.3%), while Y/Y rose by 3.8%, beneath the 3.9% forecast, maintaining the 3.8% pace in March. Although the Fed has stated the labour market is not a source of inflation, the softer wage data will be seen as a positive.

### FIXED INCOME

#### T-NOTE FUTURES (M5) SETTLED 22+ TICKS LOWER AT 111-05

**T-Notes bear flatten as strong US jobs report sees traders push back Fed rate cut bets .** At settlement, 2s +13.5bps at 3.836%, 3s +13.1bps at 3.819%, 5s +11.1bps at 3.924%, 7s +9.9bps at 4.113%, 10s +8.3bps at 4.314%, 20s +5.4bps at 4.806%, 30s +5.1bps at 4.788%.

**INFLATION BREAKEVENS:** 5yr BEI +2.1bps at 2.375%, 10yr BEI +3.1bps at 2.267%, 30yr BEI +2.8bps at 2.229%.

**THE DAY:** T-Notes traded either side of 112-00 overnight and in the European morning, peaking at 112-01+ with all eyes turning to the US NFP data. The report was a strong one, the headline beat expectations while unemployment was steady at 4.2%. This hit T-Notes with the curve flattening as traders pushed back Fed rate cut bets. WSJ's Timiraos highlighted how the data makes a June

rate cut less likely, as there is only one more employment report before then. T-Notes ultimately went on to hit lows of 111-02 with the strong jobs report keeping the curve pressured, but lows were seen after WSJ reported Beijing is considering a fentanyl offer to the US to start trade talks, briefly bolstering risk-on trade. After the lows were hit, however, T-Notes pared slightly into settlement but remained lower across the curve. Attention next week turns to the FOMC, ISM Services PMI, and 3-, 10- and 30-year treasury supply.

#### SUPPLY:

- US Treasury to sell USD 76bln of 13-wk bills, USD 68bln of 26wk bills on May 5th, and USD 70bln of 6wk bills on May 6th.
- US Treasury to sell USD 58bln of 3yr notes on May 5th, USD 42bln of 10yr notes on May 6th, USD 25bln of 30yr bonds on May 8th; as expected.

#### STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: May 1bps (prev. 2bps), June 9bps (prev. 16bps), July 26bps (prev. 37bps), Dec 78bps (prev. 96bps)**
- NY Fed RRP op demand at USD 148bln (prev. 157bln) across 35 counterparties (prev. 37)
- EFFR at 4.33% (prev. 4.33%), volumes at USD 107bln (prev. 92bln).
- SOFR at 4.39% (prev. 4.41%), volumes at USD 2.789tln (prev. 2.830tln).

## CRUDE

**WTI (M5) SETTLED USD 0.95 LOWER AT 58.29/BBL; BRENT (N5) SETTLED USD 0.84 LOWER AT 61.29/BBL**

The crude complex ended the day, and week, in the red as broader market factors weighed, with OPEC sources also aiding the weakness. On the day, WTI and Brent trundled lower through the European session, albeit with benchmarks seeing marginal upticks on the strong US jobs report. Shortly after, crude reversed and hit lows of USD 57.74 and 60.69/bbl, respectively, in the wake of Reuters sources reporting that OPEC+ is to bring forward the call to May 3rd (prev. May 5th) to discuss June output plans. This was later heightened, with a test to the lows seen again after BBG citing delegates noted that OPEC+ is to discuss a June production increase of about 400k BPD. In the midst of these two oil headlines, benchmarks did see a knee-jerk move higher amid a boost in risk sentiment after WSJ sources suggested that Beijing weighs a fentanyl offer to the US to start trade talks. On the geopolitical footing, the Israeli government and army have decided to expand the operation in Gaza and call up tens of thousands of reserve soldiers, via Al Jazeera citing Israel's Channel 12. Lastly, in the weekly Baker Hughes rig count, oil fell 4 to 479, natgas rose 2 to 101, leaving the total down 3 to 584.

## EQUITIES

**CLOSES:** SPX +1.43% at 5,684, NDX +1.60% at 20,103, DJI +1.39% at 41,319, RUT +2.18% at 2,019

**SECTORS:** Communication Services +2.35%, Financials +2.17%, Industrials +1.83%, Materials +1.68%, Health +1.45%, Energy +1.42%, Real Estate +1.25%, Technology +1.18%, Consumer Discretionary +1.18%, Utilities +0.75%, Consumer Staples +0.61%.

**EUROPEAN CLOSES:** Euro Stoxx 50 +2.39% at 5,284, DAX +2.49% at 23,057, CAC 40 +2.33% at 7,770, FTSE 100 +1.17% at 8,596, SMI +1.18% at 12,260, FTSE MIB +1.92% at 38,328, IBEX 35 +1.20% at 13,447, PSI -0.38% at 6,966, AEX +2.25% at 898.

#### EARNINGS:

- **Apple (AAPL):** Greater China sales missed & investors concerns rose over vague tariff comms.
- **Amazon (AMZN):** Choppy post-earnings; Q1 earnings beat expectations with strong retail and ad performance, but cloud rev. growth disappointed & next Qtr op. income guidance fell way short of exp.
- **Amgen (AMGN):** EPS & rev. beat.
- **Airbnb (ABNB):** Next Q rev. outlook light.
- **Atlassian (TEAM):** Next Q guidance missed exp. w/ cloud growth seen slowing.
- **Reddit (RDDT):** Strong Q1 nos. w. solid next Q rev. view.
- **Exxon (XOM):** EPS topped Wall St. est boosted by Guyana & Permian prod.
- **Chevron (CVX):** EPS in line as refining recovers from prior Qtr.
- **Cigna (CI):** Raises FY profit forecast & latest to beat medical cost estimates.
- **Block (XYZ):** Weaker-than-expected Q1 results and issued a cautious outlook for the year.

#### STOCK SPECIFICS:

- **Take Two (TTWO):** Delays release of GTA VI; release date set for May 26, 2026 (prev. 2025).
- US DoJ to seek divestiture of **Google (GOOGL)** advertising technology assets; Google says structural remedies are not appropriate
- **Apple (AAPL)** teams up with Anthropic on AI platform to write software; Apple-Anthropic system will write, edit and test code with AI.
- **Nike (NKE)** and **Adidas (ADS GY)** and others ask US President Trump for tariff exemption, according to CNBC

## FX

The Dollar Index was weaker to end the week, and despite initially seeing slight upticks on a strong US jobs report, it was flogged thereafter. Recapping the data, more jobs were added than anticipated, while average earnings M/M and Y/Y printed 0.2% (exp. &

prev. 0.3%) and 3.8% (exp. 3.9%, prev. 3.8%), respectively. Unemployment was unchanged at 4.2%, as expected, while labour force participation ticked higher to 62.6% from 62.5% and U6 underemployment inched lower to 7.8% from 7.9%. In the wake of the metrics, Goldman and Barclays altered their Fed call for the first cut to come in July (prev. June), as the solid report will allow the Committee to continue its wait-and-see approach. Adding to the potential weakness for the Buck, traders may have been booking profits on dollar longs after seeing a three-day win streak.

**G10 FX** was firmer across the board, and benefiting from the broader Buck selling, as opposed to too much currency-specific newsflow. Despite saying this, Antipodeans notably outperformed and were likely buoyed off of the broader risk-on sentiment, particularly in the wake of the US jobs report, and also piggybacking off **CNH** strength amid hopes of a potential US-China trade deal. On this, CNH saw strong gains as China-US trade talk rumours continue to linger. WSJ reported that Beijing weighs fentanyl offer to the US to start trade talks, while later Journal sources added that China President Xi's public-security czar, Wang Xiaohong, has been inquiring about what the Trump team wants China to do re: fentanyl precursors. Back to the Aussie, it overlooked disappointing Retail Sales metrics and is looking ahead to Saturday's federal election with PM Albanese seen as likely to secure a second term. NZD/USD and AUD/USD hit highs of 0.5977 and 0.6469, respectively, against earlier troughs of 0.5904 and 0.6381.

**CAD, JPY, CHF, EUR, and GBP** all saw gains to varying degrees. The Yen reclaimed some losses seen after the dovish BoJ and Governor Ueda remarks. USD/JPY traded between 143.74-145.92, but there was little reaction seen following reports of US-Japan tariff talks or comments from Japanese Finance Minister Kato who said Japan's huge US Treasury holdings are among the tools it can wield in trade negotiations with the US but added whether Japan wields that card is a different question. Thereafter, a report in the Nikkei suggested that US trade negotiators presented a framework for an agreement with Japan, however, Japan strongly opposed the proposal.

**EUR/USD** looks set to end the week around 1.13, and in the EU morning, EZ inflation metrics saw a hotter-than-expected outturn for headline and core inflation, with services Y/Y advancing to 3.9% from 3.5%. However, this was not entirely unexpected given regional prints prior to the release. As a result, it had little follow-through into the EUR or ECB pricing with a rate cut next month seen at an 85% probability and a total of 57bps of easing seen by year-end. On the central bank footing, de Guindos stated the ECB can be optimistic on inflation and it doesn't target an exchange rate but watches it closely. **CAD and GBP** saw little newsflow, with the BoE next week as well as Canadian PM Carney meeting US President Trump at the White House on Tuesday.

**EMFX** was largely firmer against the Buck, although MXN was flat and TRY weakened, and buoyed by risk outlook and Dollar selling. Nonetheless, CLP led the gains among local currencies and was supported in the wake of Chilean economic activity topping market expectations. Meanwhile, ZAR strengthened due to the aforementioned themes, despite another weak local PMI survey that pointed to depressed manufacturing conditions in Africa's largest economy.

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