Rohr Report

TrendView

MARKET ALERT: FIXED INCOME

Friday, May 5, 2006 (07:45 CDT; 08:45 EDT; 12:45 GMT)

ALERT.
IN SPITE OF THE WEAKER THAN EXPECTED NONFARM PAYROLLS GAIN, THE HOURLY EARNINGS COMPONENT OF TODAY'S US EMPLOYMENT NUMBERS (APR) WAS INDEED STRONGER THAN EXPECTED. THIS MEANS THE LONG ENDS MIGHT STILL BE VULNERABLE UNLESS THEY CAN MAKE RECOVER FURTHER LATER TODAY. THIS IS BASED IN PART ON THE TECHNICAL OBSERVATION THAT THE AGGRESSIVE DOWN CHANNEL RESISTANCE THAT STOPPED THE T-NOTE ON RECENT RALLIES BACK TO THE 105-16/-20 RANGE IS DOWN TO 105-11 TODAY.

As usual, we do not wish to get too stubborn with any trend view. However, even though it should have benefited from a bit of weaker Euro-zone news this week, the **BUND** seems to be struggling with the low end of the 115.27-.10 Negated daily minor UP CPR violated support, just as the **GILT** that has been burdened by stronger news is not surprisingly having a problem into its 109.33-.31 commensurate violated support. As such, with no further economic news releases or pronouncements from financial luminaries today, it appears it is all up to the pure T-note technical decision.

We hope you find this helpful.

-Rohr

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