



BOND REPORT

March 5, 2010, 3:28 p.m. EST

Treasurys down most in two weeks in wake of jobs data

Fed futures show bets increasing on rate hikes

By [Deborah Levine](#), MarketWatch

NEW YORK (MarketWatch) -- Treasury prices fell on Friday, pushing yields up for the third week in four, after the Labor Department said the U.S. economy lost fewer jobs last month than economists predicted.

"It gave people the feeling that the employment picture might be bottoming out, which is good for the economy and not so good for bonds," said Mark MacQueen, co-founder of Sage Advisory Services, which oversees \$8.5 billion in assets.

Yields on 10-year notes (U.S.:UST10Y) jumped 7 basis points to 3.69%, after earlier posting the biggest increase since Feb. 17. Yields move inversely to debt prices and a basis point is 0.01%.

TODAY'S TOP MARKET STORIES

S&P 500 (1 YEAR)



- [Market Snapshot: U.S. stocks in focus](#)
- [Today's biggest advancing, declining stocks](#)
- [Sign up for free, breaking-news email alerts](#)

Equities by Sector

- [Technology stocks](#) | [Energy stocks](#)

Yields on 2-year notes (U.S.:UST2YR) rose 4 basis points to 0.90%. Yields increased earlier by the most since Jan. 27.

Yields on 10-year debt are up from 2.59% last Friday, while 2-year note yields have increased from 0.86%.

Indications of a stronger economy reduce demand for the relative safe-haven of U.S. government debt in downturns.

Nonfarm payrolls fell by 36,000 jobs in February as the U.S. unemployment rate stayed put at 9.7%. [See story about payrolls.](#)

Economists had been looking for a bigger monthly decline in payrolls and for the unemployment rate to creep back up to 9.8%. Estimates varied widely depending on the expected impact of last month's flurry of snowstorms.

"This is a stronger-than-expected report and given the skew and likely impact of the snowstorm we'd have to say this is a strong report on its own merits with the likely outcome that ex-weather it would have been positive," said strategists at CRT Capital Group.

Better odds of higher rates

Also Friday, interest-rate futures traders increased bets that the Federal Reserve will raise rates by the fall of this year.

Fed fund futures for September delivery are pricing in a 40% chance that rates will rise to a half percentage point by then, up from the

[Metals stocks](#) [Retail stocks](#)
[Financials](#) [Airline stocks](#) [Pharma and Biotech](#)

More on Markets

[Bond Report](#) [Oil News](#)

EarningsWatch

[Currencies](#) [Market Data](#) [Economic](#)

Calendar

[See all the latest markets video](#) 

Labor Secretary: Job Figures Offer Ray of Hope