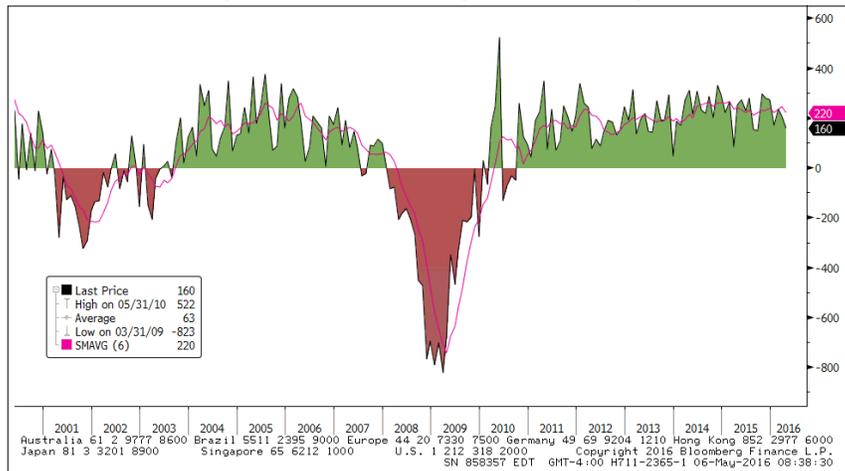


Jobs Report - First Blush

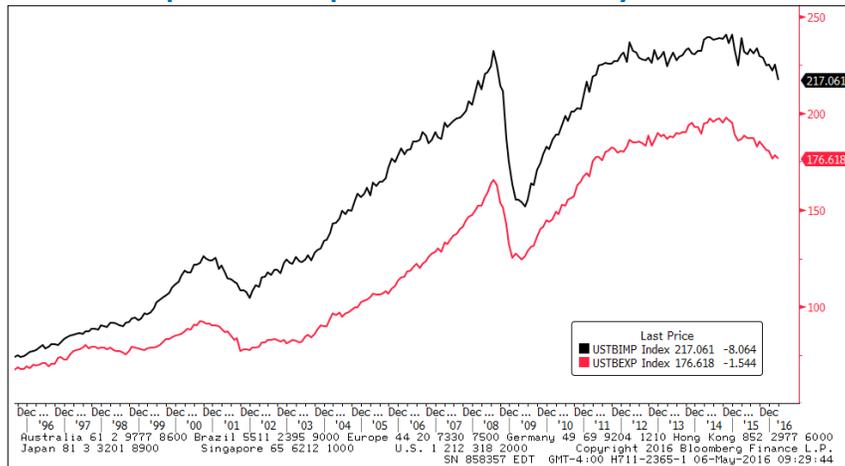
US treasuries have had a sneaky bid in four of the last five sessions, and this morning's jobs report gave some cover to that rally. Non-farm payrolls were clocked at just 160K, the lowest number since last September. That's notably below trend and consensus expectations (200K). The labor force participation rate was little changed at 62.8%, and average hourly earnings ticked up to 2.5% year-over-year. Revisions added 13k to the prior month's number and the U6 "underemployment" rate edged down to 9.7%. The six- and twelve-month moving averages of payrolls growth both remained above 200K at 220K and 224K respectively. Bond prices are mixed since the jobs release as the 2yr T-Note is now trading at .71% and the 10yr Note is 1.76%.

It's unclear if or how this might change the inclinations of the "data-dependent" Fed. This number comes on the heels of a decidedly weak first quarter GDP report and continued sluggish data for the global economy. Trade data in particular continues to weaken in both directions. The trajectory of both import and export trends implies a sharp rollover in international product flows, a continuing "j-curve" legacy of the dollar rally from mid-2014 through the early part of this year

US Non-Farm Payrolls Growth: May 2000 - Today



US Trade Imports and Exports: Jan 1996 - Today



INTENDED FOR INSTITUTIONAL INVESTORS ONLY. The data provided in these reports is for informational purposes only and is intended solely for your private use. Information herein is believed to be reliable but The Baker Group LP does not guarantee its completeness or accuracy. Opinions constitute our judgment and are subject to change without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors; if you have any doubts you should consult your Baker representative. The investments discussed may fluctuate in price or value. Changes in rates of exchange may have an adverse effect on the value of investments. This material is not intended as an offer or solicitation for the purchase or sale of any financial instruments.

Financial Strategies Group

Jeffrey F Caughron
C.O.O. / Managing Director
jcaughron@gobaker.com

Contact Information

www.GoBaker.com

The Baker Group LP | Headquarters
1601 NW Expressway, 20th Floor
Oklahoma City, OK 73118
(800) 937-2257

Atlanta, GA
2300 Windy Ridge Parkway, Suite 76
Atlanta, GA 30339
(800) 937-2257

Austin, TX
1700 Rio Grande, Suite 120
Austin, TX 78701
(888) 480-0301

Indianapolis, IN
8365 Keystone Crossing, Suite 100
Indianapolis, IN
(866) 370-3580

Salt Lake City, UT
2975 West Executive Pkwy, Suite 139
Lehi, UT 84043
(800) 288-9411

Springfield, IL
901 Community Drive
Springfield, IL 62703
(888) 333-7704