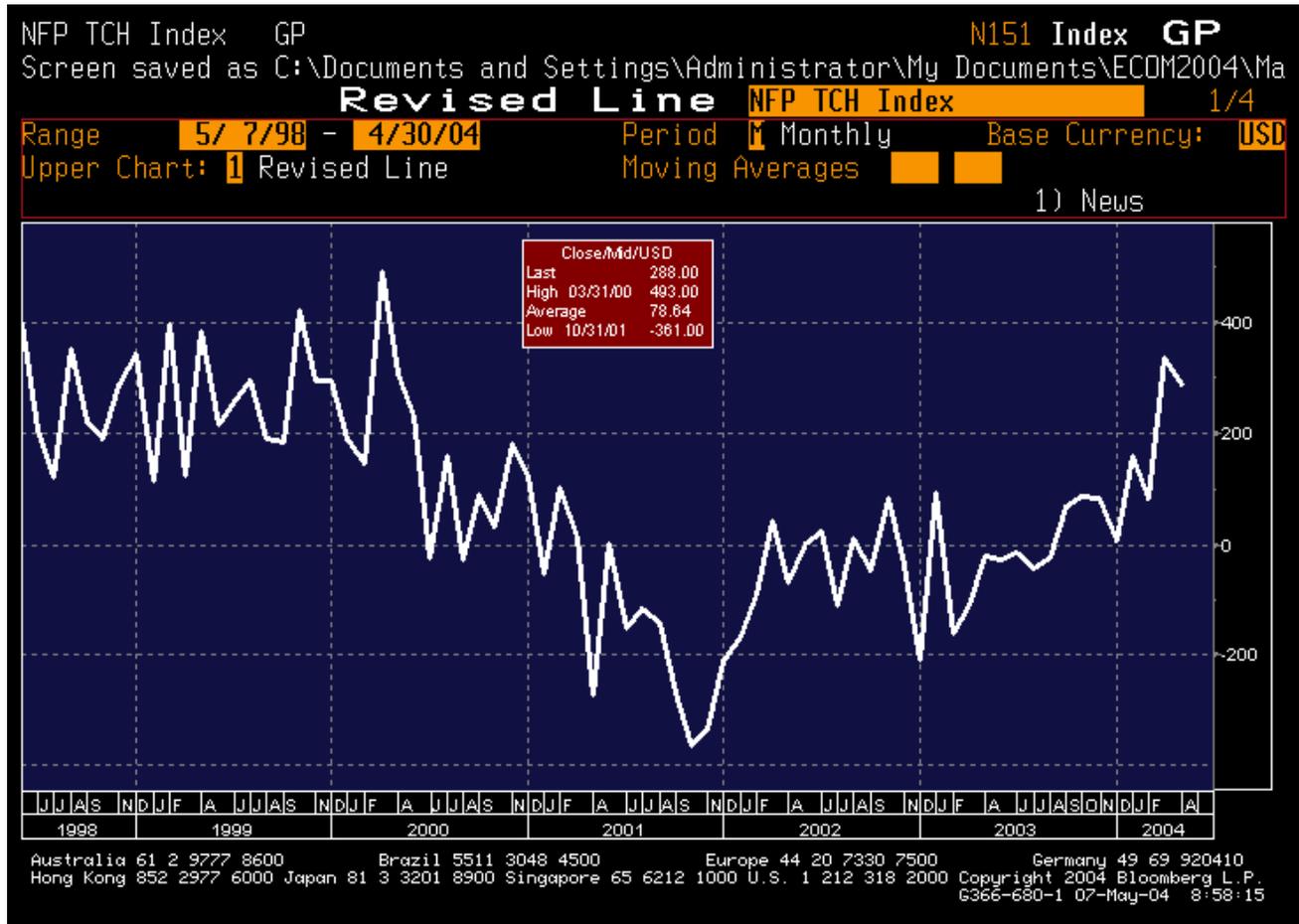




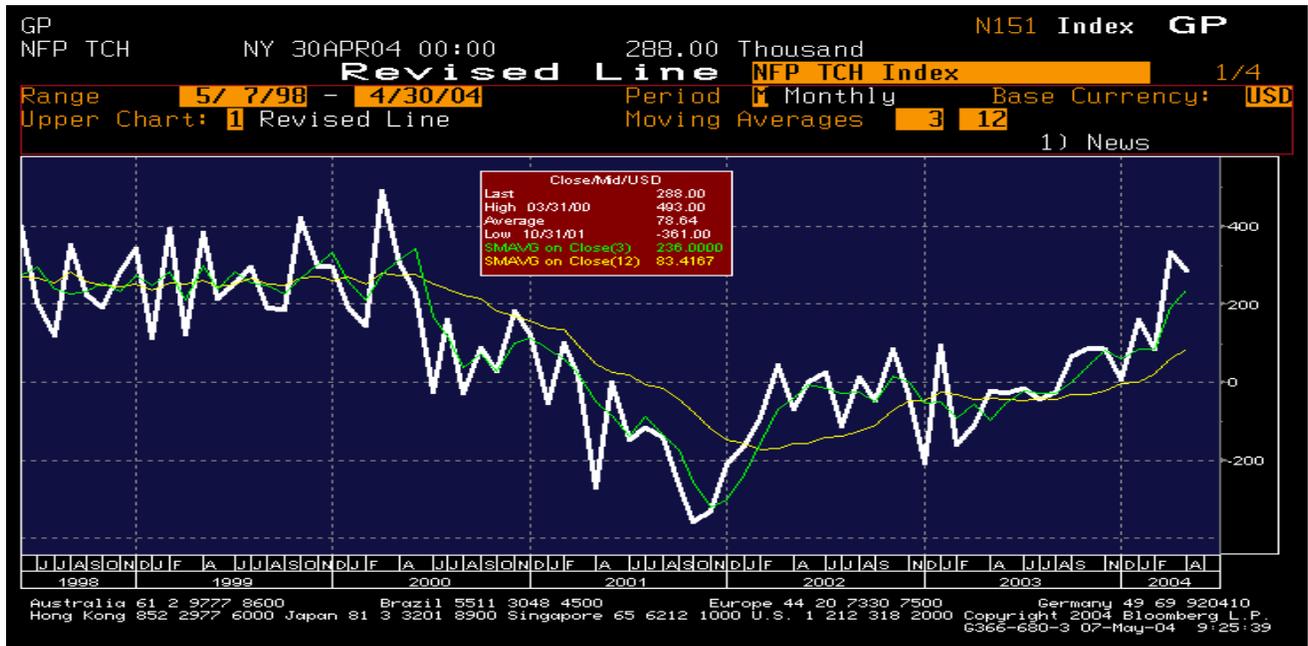
As it turns out the Monster was a good indicator: PR Jobs up 288K



Pretty impressive gains back to back. 308K last month and 288K this month. UE rate not declining suggests the marginally attached found the labor market more encouraging and hiring was more active. Private sector added 280K and of that, “goods producing” added 42K indicating that the various FRB and PMA survey reports tracked the labor market pretty well this time around. Big additions came in the Service Producing sector, most of which was in the private (non-government) sector, particularly retail trade. Professional and business services added 123K which suggests much more private business expansion and new business formation (where employment growth is often greatest). Nearly half a million jobs have been created in the past year in this sector. A notable “decliner” last month (about 80 K over the past year) was computer services! Over the past year, nearly 330K jobs have been added in the leisure and hospitality category. While Government work expanded marginally last month, over the last year, 576K jobs have disappeared, many of which at the Federal level.



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Bond Market Blues

The prime question for the market is whether Step Ladder is now in vogue.

<HELP> for explanation, <MENU> for similar functions. N151 Govt BTMM

Change Country US TREASURY & MONEY MARKETS 09:12:10

US BONDS YLD/BID/ASK/CHG				
2 1/4 04/30/06	2.552	99-13	99-13+	- 11
2 1/4 02/15/07	3.020	97-30+	97-31	- 16
3 1/8 04/15/09	3.894	96-18	96-18+	- 27
4 02/15/14	4.733	94-09	94-10	-1-00+
5 3/8 02/15/31	5.465	98-22+	98-23+	-1-12

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2004 Bloomberg L.P.
 6366-680-0 07-May-04 9:12:11



And Before the Deluge?

After the Initial Claims report yesterday and the Monster.com Index data were released, we had speculated that possibly today's employment numbers would be bigger than market expectations. Our comments from yesterday are given below.

"Much of the (negative) speculation in the Bond Market since the Fed's "measured" change in language on Tuesday is presaged on a blowout jobs number. Today's initial and continuing claims support that fear as initial claims fell to 338K and continuing claims were surveyed as 2,935K, harkening to the May/June 2001



period. Another data bit is the Monster.com report that shows a huge upsurge across the country.

Will it forecast a large payroll number tomorrow? The various business surveys all show 'more intentions to



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hire” and jobs more plentiful. But, this is really a one-card guessing game. What counts for the Fed will be a sense of an improving labor market and a number somewhere near 200,000 would take up the averages. It would also probably confirm to the Bond Market that the Day of Reckoning is not far off, perhaps as early as June.

We think both the bond and equity markets will stay in somewhat of a directionless (if not downward) state until a clearer picture of the data points to which the Fed has said it will respond in a “measured” way are finally public data.” (MAS050604 INITIAL CLAIMS ANDMONSTER SUGGEST IMPROVED PAYROLLS)

