



[Times for Market News International stories are ET]

**08:30 12/07 US DATA:** Nov employ report is on the weak side, with payrolls +94k, partly offset by net chg to Oct-Sep of -48k. Unemployment rate remains in recent range at 4.7% (3rd mo at that %), but AHE was high at +0.5% for +3.8% YOY (construction & services wages jumped). Payroll composition: mfg -11k, construction -24k, financial -20k, but retail +24,200, health care +14,900, restaurants +16,900, hotels +10,900, and govt +30k. 1m employ diffusion index at 49.8% shows some weakening. So bottom line is there were no big surprises but a weak report. Payroll gain avg'd +77k/min Q3 but Oct-Nov avg is a little better at +132k/mo.

[Details: [Payrolls](#) [Prior](#) [AHE.yoy](#) [Agg Hrs](#) [Civ Unempl Rt/Unrnd](#)]

Nov	+94k	----	+3.8%	108.0	4.7%	(4.658%)
Oct	+170k	+166k	+3.8%	107.9	4.7%	(4.728%)
Sep	+44k	+96k	+4.1%	107.8	4.7%	(4.696%)

**08:31 12/07 US EURODLR FUTURES:** Mkt trades lower following the Nov payroll data, fairly choppy conditions so far.

**08:31 12/07 BUND:** Mar Bunds extend losses by 15 ticks post US Payrolls data.

**08:40 12/07 US TSYS:** US Tsys market hovers around the day's lows. One trader noted that "there is definitely some selling pressure" but added that given less-than-expected +94K Nov. payrolls, unchanged 4.7% Nov jobless rate, "the only thing really negative was the AHE going to 0.5%" in Nov. from 0.1% in October. "They really hit it on that," he said. "But people were expecting higher jobs, so I'm surprised it's for sale the way it is." While the 2Y/10Y, 2Y/30Y curves had flattened sharply after the jobs data, they are now well off the flattest levels amid choppy trading.

**09:20 12/07 US DATA REACT:** From Bear: "According to the employment report, the economy continues to expand at a moderate pace in the fourth quarter. This is also the message of the ISM surveys of manufacturing and nonmanufacturing activity. The labor market remains tight, which may have the potential to boost wage pressures going forward. From a macroeconomic perspective, therefore, the Fed is likely to be disinclined to cut the funds rate target by 50 basis points next week (we look for a 25-basis-point cut in the funds rate, with the potential for a larger cut in the discount rate)."

18:56 12/06 JAPAN REVISED Q3 GDP: DOMESTIC DEMAND CONTRIBUTES -0.1 PT  
 18:56 12/06 JAPAN REVISED Q3 GDP: EXTERNAL DEMAND CONTRIBUTES +0.5 PT  
 18:55 12/06 JAPAN REVISED Q3 HOUSING INVESTMENT -7.9 Q/Q VS PRELIM -7.8%  
 18:54 12/06 JAPAN REVISED Q3 PRIVATE SPENDING +0.3% Q/Q VS PRELIM +0.3%  
 18:54 12/06 JAPANS FOREIGN RESERVES HIT RECORD \$970.19 BLN AT END-NOV  
 18:53 12/06 JAPAN REVISED Q3 CAPEX +1.1% Q/Q VS PRELIM +1.7%  
 18:53 12/06 JAPAN REVISED Q3 GDP +1.5% ANNUALIZED VS PRELIM +2.6%  
 18:52 12/06 JAPAN Q3 GDP REVISED DOWN TO +0.4% Q/Q FROM PRELIM +0.6%

[Thanks Howard]

#### Japan Bond Market Closing Summary for Friday 7 December -by Karen Hawkett

Stone and McCarthy (Sydney) Despite a downward revision to September quarter growth, the Japanese government bond market headed south a third day running. Risk aversion fears dissipated, sapping bonds on hope the mortgage bailout plan will avoid a US recession and stabilise financial markets.

After Thursday's fall, which was the sharpest since the beginning of November, the Japanese government bond futures steadied as trading shifted offshore. Bidding firmed slightly as the Bank of England cut interest rates for the first time in over two years, but then retreated on hawkish statements from both the ECB and BoE. While the ECB did not change rates, President Trichet revealed later that some members had actually called for a rate hike, due to concern about rising inflation. Meanwhile the BoE did not suggest the next rate move would be down when stating that "upside risks to inflation remain, which the Committee will continue to monitor carefully." The December contract ended the session on LIFFE near the high at 136.59, which was fourteen points above the earlier Tokyo close.

However later in the day US treasuries tumbled on the back of retailers reporting stronger than expected sales for November and surging stocks. Stocks charged higher as the Bush administration released details of its mortgage bailout plan. That plan took US stocks to their highest level in a month and the hope that the government package will stabilise US property prices and shore up consumer confidence and avert a credit crunch was fodder for a strong rise in Japanese equities today.

There was barely little reaction to news September quarter GDP had been revised down, since the data continues to show the economy bounced back from the brief retreat in the June quarter, driven by rising exports.

However as buyers chased stocks higher, the flight bid for bonds faded and the benchmark bond yield briefly moved above 1.54 percent.

Meanwhile the US dollar was stuck about the 111.40 yen level most of the Asian session today as players count down to the payrolls data due out later.