



THURSDAY APRIL 4, 2013

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	14,606.11	+55.76	3.7, 3.36	163	255
Nasdaq:	3,224.98	+6.38	1.4, 1.49	187	210
S&P 500:	1,559.98	+6.29			
10 yr note:	1.76%	-5bp			
VIX:	\$13.89	-0.32			
Euro /\$:	1.2936	+0.009			
Crude:	\$93.26	-1.19			



Stocks rebound on lighter volume, as bullish central banks actions outweigh even more negative economic news. Today's market technically sets up (light volume bounce following capitulation, broader treasury drop, Nasdaq underperformance) like February 26, when equities bounced following heavy selling from Italian elections. If payrolls can meet expectations, markets will continue to rally into the weekend similar to February 27. Transports underperformed yet again, gaining 0.06% today and continuing to hint at broader weakness within this 4-month equity rally.

European shares extended yesterday's losses, marking the largest 2-day decline in 4 months. Investors disappointed with Mario Draghi's pessimism over the Euro-economy as he declared, "Weak economic activity has extended into the early part of the year and a gradual recovery is projected for the second half of this year, subject to downside risks" while the BOE held its key rate at 0.50%. Despite the decline in 16 of the 18 Western European markets, peripheral bond yields were little changed.

Asian markets rejoice as the Yen plunges 1% and Nikkei rallies 2% to its highest level since 2008 as the Bank of Japan's proposed easing surpassing already lofty expectations. Haruhiko Kuroda promised "bold" measures and "whatever it takes" to restore inflation to 2% by expanding its government bond purchases (the news of which sent their 10-year bond yields down to 0.44%).

Tomorrow's employment outlook is shrouded in uncertainty given the wealth of diverging indicators. Nevertheless the report should beat expectations (*see Why Tomorrow's Payrolls Will Beat*) and stocks should gain. Elsewhere the Eurozone will report February retail sales for the region while Japan releases its preliminary Leading indicators for the same month. It will be very interesting to see the extent in which Japan's extensive monetary programs ripple through their economy.

REPORTS:

March Challenger Layoffs: -6,101. Adding to the confusion, layoffs decreased from February, falling to a total of 49,255 from 55,356. Last month, February's layoffs increased 15,000 nevertheless February's actual payroll report (March's version coming out tomorrow) handily beat expectations. Looking at more consistent yearly readings, layoffs are 30% above last March's 37,880 total, painting a bleak picture for tomorrow's report. This report agrees with yesterday's ADP report, suggesting a reading below last month's 246,000 payrolls.

Weekly Jobless Claims: +28,000. Jobless claims continue their meteoric rise, gaining to 385,000 from just 336,000 2 weeks ago. This is both the sharpest weekly increase and highest level for the year, casting doubts on the strengthening labor sector. The 4-week average also moved the largest amount this year to a yearly high, up 11,000 to 354,250. Continuing claims meanwhile continued to decline, falling 11,000 to 3.067. This indicator declines as job hunters lose their benefits, with less of an influence on fundamental job growth.

This reading for the last week of March suggests the employment engine has stalled, painting a very bad picture for April employment while delaying expectations for Fed to start slowing their monetary easing programs. Unfortunately this report has no bearing on tomorrow's employment report, the data for which was gathered before March 16.

Weekly Bloomberg Consumer Sentiment: +0.3. Sentiment improves slightly, following 2 weeks of losses. Slightly off last month's high for 2013 (-31.6) this report is similarly close to its 2012 high, breached exactly one year ago (-31.4, and its best since March 2008).

Rate positively	Current Week	Change	LT average
National economy:	20%	unch	35%
Buying climate:	30%	+1%	36%
Personal finances:	50%	unch	55%