

Treasurys close mixed on Philly Fed, jobless data

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NEW YORK (AP) - Treasury prices were mixed Thursday as investors sorted through a batch of data that pointed toward an economic recovery -- and some that raised more questions about employment and consumer spending.

Prices for short-term notes declined slightly after the Treasury Department announced another round of auctions for next week.

Bond trading was erratic, reflecting caution that was also evident on Wall Street even as stocks closed moderately higher.

The Conference Board, a private research group, said its Index of Leading Economic Indicators, a forecasting gauge, rose for a fourth straight month in July, suggesting the recession will end this summer, if it hasn't already. Traders also got good news from the Philadelphia Federal Reserve, which said manufacturing activity in the mid-Atlantic region grew in August for the first time in 10 months.

However, those reports were somewhat tempered by the Labor Department's weekly unemployment report that showed an unexpected increase in the number of workers filing for jobless claims for the first time. Economists had predicted a decline in claims.

The concern about unemployment is tied to consumer spending. Consumer who aren't working, or who are afraid of losing their jobs, have been cutting back on their spending. And with more than two-thirds of economic growth tied to what consumers purchase, the prospect of more out-of-work Americans raises questions about the recovery.

With investors uncertain about economic growth, they had been buying up Treasurys as a safe investment to store cash, said Pamela **Turner**, director of research at **Xavier Capital** in Largo, Md. For part of Thursday's trading, they were moving money out of government debt, but by the end of the day, more investors were buying again.

The benchmark 10-year Treasury note rose 7/32 to 101 19/32, driving its yield down to 3.44 percent from 3.46 percent late Wednesday.

The price of shorter-term notes moved slightly because of auctions that are scheduled for next week, said Dan Genter, CEO and chief investment officer of Los Angeles-based RNC Genter Capital Management.

"There's a fair amount of supply coming in, so we're seeing a little reaction to that," Genter said.

The Treasury Department said Thursday it will be auctioning off three-month, six-month, one-year, two-year, five-year and seven-year bonds throughout the week. A total of \$197 billion in debt will be auctioned among the six types of bonds being sold.

Xavier Capital's Turner said bond prices typically fall just after an auction is announced because investors are preparing for additional supply to hit the market.

The two-year note fell was unchanged at 100 and its yield rose to 1.00 percent from 0.99 percent.

The five-year note fell 1/32 to 100 30/32 and its yield rose to 2.42 percent from 2.41 percent.

The yield on the three-month T-bill slipped to 0.15 percent from 0.16 percent. Its discount rate stood at 0.16 percent.

Light trading, which is typical in August, also contributed to the minimal movement in the market Thursday, analysts said.

In other trading, the 30-year bond rose 27/32 to 104 9/32, and its yield fell to 4.25 percent from 4.29 percent.

The cost of borrowing between banks fell. The British Bankers' Association said the rate on three-month loans in dollars -- the London Interbank Offered Rate, or Libor -- dipped to 0.41 percent from 0.42 percent.