

The Stock Market Game™



Week In Review

April 1, 2010 (Thursday)

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Vroom, vroom. US equity markets raced upward this morning on news that US automakers posted double digit sales gains this month. General optimism about positive reports on initial jobless claims and manufacturing also helped embolden investors but worries that Apple's new i-Pad, due out tomorrow, will hurt laptop sales pared early afternoon gains. However, a late day rally sent the major averages back up with the [Dow](#) closing 70 points higher. It was a good way to end the week.

U.S. stock markets are closed tomorrow, but as Good Friday is not a federal holiday, the U.S. bond market will be open until noon and awaiting important news. Tomorrow the [Labor Department](#) releases much anticipated March employment numbers. Whisper numbers on the Street are expecting the economy to have added 185,000 to 200,000 jobs last month. This is the fourth time since 1996 that the release of unemployment numbers has coincided with Good Friday, so bond traders will have to report for duty. Major economic news tends to move the bond market and if the whisper numbers are correct, bond prices could be moving lower tomorrow. What? Prices will be down on good news like people getting back to work?

Generally, but not always, bond prices move higher on bad news and lower on good news. The reason is that when there's bad economic news or troubling world events, investors seek safety. We saw this in the Fall of 2008 during the [financial crisis](#) when investors sold stock in a frenzy and bought government bonds with equal abandon. This created incredible demand for bonds and, as we know from Economics 101, demand for any product sends its price higher.

The employment number won't be released until 8:30 am Friday morning so anyone wishing to trade stock on the news (be it good or bad) will have to wait until Monday. The Monday after the Good Friday holiday has mixed results. You can read more about that [here](#).

It's important for SMG students to know how our capital markets work, and there are some great resources available in the [Teacher Support Center](#). There's a lesson on the New York Stock Exchange called What is an Exchange/Market? And a lesson called What is a Bond?, which takes you through the bond pricing process.