



Neil Catana, right, works with fellow traders Thursday on the floor of the New York Stock Exchange. RICHARD DREW/AP

Stocks reel amid jobs slowdown

Still, some caution that it's too early to be pessimistic about the economic outlook for 2012

By Pallavi Gogoi
The Associated Press

NEW YORK — Stocks plunged Friday after the government reported that hiring slowed sharply last month. The report confirmed investors' fears that the U.S. economic recovery is

faltering.

The losses in the market were widespread. The Dow Jones industrial average lost 168 points and the Nasdaq composite had its worst day since Nov. 9. Both the Nasdaq and the Standard & Poor's 500 index closed out their worst weeks of

the year. The Dow had its second-worst.

The dollar and U.S. Treasury prices rose as investors dumped risky assets and moved money into lower-risk investments. Energy stocks

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were among the hardest hit after the price of oil fell sharply and settled below \$100 a barrel for the first time since February. Only one of the 10 industry groups in the S&P 500 rose, utilities, which investors tend to buy when they're nervous about the economy.

"The jobs numbers were a disappointment," said Phil Orlando, chief equity strategist at Federated Investors. He noted that there were several factors distorting the month's figures including unusually warm weather in the first three months of the year and an early Easter.

It was the third straight daily loss for the Dow, but it seemed too early to declare that the stock market's overall trend was turning downward. The Dow is still up 6.7 percent this year, the S&P 500 8.9 percent.

That said, investors are on edge about Europe again as France and Greece both hold elections over the weekend. In France the socialist candidate Francois Hollande has a chance to unseat the incumbent Nicolas Sarkozy, who has been at the forefront of fashioning Europe's efforts to prevent its share currency from collapsing.

Crude oil plunged \$4 to \$98.49 a barrel on worries that demand would drop because of a weakening world economy. It was the first time oil has dropped below \$100 since February 13.

The late slump in the week was a stark contrast to Monday, when the Dow closed at its highest level more than four years, propelled by a report that showed a pickup in manufacturing. All that became a distant memory after a slew of poor economic reports were released in the rest of the week.

On Thursday major retailers including Costco and Macy's reported that April sales inched up less than 1 percent, the worst performance since 2009. Thursday also brought news that U.S. service companies expanded their business

more slowly in April.

The Dow closed down 168.32 points, or 1.3 percent, at 13,038. All 30 companies that make up the index fell, led by Bank of America and Cisco.

The S&P 500 slipped 22.47 points, or 1.6 percent, to 1,369, while the Nasdaq index fell 67.96 points, or 2.2 percent, to 2,956.

For the week, the Dow fell 190 points, S&P fell 34, while Nasdaq declined 113 points.

The yield on the benchmark 10-year Treasury note dropped sharply to 1.88 percent from 1.92 percent late Thursday as demand increased for safe investments. The yield hasn't settled that low since early February.

The culprit for the distress in financial markets was a report from the Labor Department on Friday showing that U.S. job growth slumped in April for a second straight month. The 115,000 jobs added were fewer than the 154,000 jobs created in March.

Job creation is the fuel for the nation's economic growth. When more people have jobs, they have more money to spend.

Orlando noted that the first few months of the year were marked by a number of abnormal conditions including an uncharacteristically warm January and February. That led to a spurt in hiring which usually occurs in spring.

Retail sales and hiring were also affected by an earlier Easter, which fell on April 8 this year, 16 days earlier than last year.

That pushed some retail sales ahead to March, leaving April's numbers weaker than they might have been.

Retailers also blamed a late Mother's Day for pushing some sales out of April and into May. Unusually warm weather in February and March also pulled forward some sales that would have normally occurred in April.

"The surge in hiring and spending that usually occurs in March through April, occurred earlier in the year this year," said Orlando. "We have to wait for economic numbers from May and June to get a better idea of the underlying strength of this economy."