Wall Street Whimpers As Unemployment Rises In November

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NEW YORK (AP) — An unexpected increase in the U.S. unemployment rate and slower than expected job growth has darkened the mood ahead of Friday's opening on Wall Street.

The unemployment rate climbed to a seven month high in November as employers added only 39,000 jobs. Economists had expected that 145,000 were added last month. The unemployment rate climbed to 9.8 percent, from 9.6 percent in October.

Indications that the job market is freezing will push stocks lower because investors see that as a sign that consumer spending could fall.

"In order for stocks to push through their highs for this year, we're going to need a positive number on the jobs front," Todd Salamone, the director of research at Schaeffer's Investment Research, had said before the report.

Some investors raised their expectations of the number of jobs added to the economy after a report Wednesday showed that private employers are hiring more than economists anticipated. Hiring at small businesses rose to the highest levels in three years. The report, along with signs Thursday that consumers are spending more this holiday season, helped spark a stock rally that has pushed the Dow Jones industrial average up 356 points since Wednesday.

It will take up to 300,000 new jobs a month to reduce the unemployment rate significantly, economists say. "The U.S. may have to face the fact that unemployment is going to be high for a long time," said Drew Matus, a senior economist at UBS. "There are people who need to be retrained for new jobs and that will take time."

Investors will also get word on service sector performance and the latest reading on factory orders. Analysts expect faster growth in the service sector but a decline in October factory orders.

Stock futures in the U.S. fell after the jobs report. Dow Jones industrial average futures fell 38, or 0.3 percent, to 11,325. Standard and Poor's 500 index futures fell 5.2, or 0.4 percent, to 1,217.50. Nasdaq 100 futures fell 13, or 0.6 percent, to 2,174.

Stocks overseas were mixed. The Euro Stoxx 50 index, which tracks blue chip companies in countries that use the euro, was down 0.1 percent. Britain's FTSE 100 rose 2.2 percent. Hong Kong's Hang Seng Index was down 0.6 percent.

The dollar fell 0.7 percent against an index of six currencies. A falling dollar has helped push stock prices up since August because it benefits large American exporters like Caterpillar Inc. and Boeing Co.

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