

Stocks Tumble On Higher Unemployment News

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NEW YORK (AP) — Renewed worries about the health of the job market weighed on stocks Thursday after the government reported an unexpected jump in unemployment claims.

The Labor Department said that first-time claims for unemployment benefits rose to 474,000 last week, the highest level in eight months. Forecasters didn't see it coming. Economists had expected claims would drop to 410,000.

The report raised fears about Friday's monthly jobs report.

The Dow Jones industrial average fell 22 points, or 0.2 percent, to 12,701 in midday trading. The Standard & Poor's 500 index was up less than 1 point to 1,347. The Nasdaq composite rose 17 points, or 0.6 percent, to 2,845.

Applications for unemployment benefits have increased in three of the previous four weeks. The jump in claims, along with other signs the economic recovery is losing strength, have raised concerns about what the government's monthly jobs report for April will reveal when it's released on Friday.

Economists forecast that employers added 185,000 workers in April. The unemployment rate is expected to remain unchanged at 8.8 percent.

Prior to Wednesday, stronger earnings had been lifting stocks in recent weeks. But even strong results reported Thursday by several large companies did not outweigh concerns about the economic recovery.

General Motors Co. was among the companies reporting rising profits Thursday. GM said its earnings more than tripled on stronger sales in the U.S. and China. Despite the results, GM fell nearly 3 percent in early trading.

Other companies that reported strong earnings rose. Whole Foods Market gained 1 percent after its quarterly report topped Wall Street's estimates. Estee Lauder also gained 1 percent after it said earnings doubled on stronger sales.

Despite losses over the last two days, the broader markets are up — the S&P, for one, is up 19 percent — from one year ago when the "flash crash" led many investors to flee the market. Friday marks the one-year anniversary of the stock market's "flash crash" when the Dow sank nearly 1,000 points in less than a half hour. Some stocks lost a third of their value in four minutes.

The market regained most of its losses by the end of the day, but the wild ride left a mark. Fund managers say the "flash crash" made everyday investors, still wary after the financial crisis, more reluctant to trust their savings to the stock market.

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They began pulling cash out of mutual funds that invest in stocks and favoring bond funds instead.

A pair of economic reports pushed stocks lower Wednesday. Payroll processor ADP said companies added fewer jobs in April than economists had expected. In a separate report, the Institute for Supply Management said its service sector index rose at the slowest pace in 8 months in April.

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