

U.S. Stocks Climb Despite Dismal Jobs Report 11/7/08

By AJA CARMICHAEL and ROB CURRAN – Dow Jones Newswire

NEW YORK -- U.S. stocks bounced at the open Friday despite a reported spike in the unemployment rate to a 14-year high in October.

After a relentless stream of layoffs from corporations as diverse as Goldman Sachs Group and Merck, markets had braced for the worst in the October non-farm payrolls report, and major indexes lost roughly 10% each in the last two sessions.

The data showed the U.S. economy lost 240,000 jobs last month, while the unemployment rate rose to 6.5%, up from 6.1% and its highest level since March 1994. Economists had expected 200,000 job losses and an unemployment rate of 6.3% from 6.1%. It was the 10th straight report of monthly job losses from the Labor Department.

"We will have several months of sizable job losses; we are in a recession, and that's the general profile of an economic downturn, you lose jobs during the recession and even for a few months after," said David Resler, an economist at Nomura Securities. Mr. Resler expects the unemployment rate to reach about 8% in late 2009.

The Dow Jones Industrial Average recently rose 150 points to 8846. The broad Standard & Poor's 500 index rose 15 to 919. The Nasdaq Composite added 24 to 1633.

"It doesn't look good on the job side, even though the market has priced in losses," said Gary Hager, president and founder of Integrated Wealth Management, adding that as the day goes on, it is possible the markets could retest the lows of Oct. 10.

Darkening the jobs picture further, [Ford Motor](#) warned it was going to lay off another round of salaried and hourly-wage employees. The layoffs came as Ford posted a narrower third-quarter loss, helped by a \$2.3 billion gain from writing off retiree health costs being transferred to a union-run trust. Red ink excluding that and other items surged at the struggling auto maker, which burned through \$7.7 billion in cash during the quarter.

Investors are now waiting for [General Motors'](#) quarterly results, due later today.

"I can't see anything good whatsoever on the way in these third-quarter numbers," Gimme Credit automotive analyst Shelly Lombard said. "GM and Ford are being overwhelmed by the global economic crisis and will likely throw themselves on the mercy of the court."

For the economy, "it probably doesn't matter that much whether Ford makes the cars or Toyota Motor makes the cars. What matters is how many cars people want to buy," said Mr. Resler. Right now, consumers are just not buying, whether it is cars, clothes or houses. That will have to change for the economy to recover, he said.

The dollar reversed course and gained against the Euro and the British pound after the jobs report, fulfilling its new role as a safe haven for investors in times of doubt. Oil futures were mostly flat, within \$1 of falling beneath the \$60 a barrel mark for the first time in 18 months.

In what some economists expect to be the most severe global slowdown in the post World War II period, the pain is evident in all commercial sectors and all nations.

[Walt Disney](#) fell 3% to \$22.12 in recent trading after the entertainment giant reported a 13% profit drop, and said bookings at its theme parks and resorts have fallen considerably over the past month.

Wireless provider [Sprint Nextel](#) swung to a third-quarter loss as it continues to lose subscribers.

Overseas, the Nikkei 225 dropped 3.6% in Tokyo while the FTSE 100 rose 1.6% in London.