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Stocks rise; bond yields fall on weak jobs numbers

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BY STAN CHOE

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NEW YORK>> Stocks rose to more records Wednesday, as Wall Street still doesn't care much about the shutdown of the U.S. government, but yields sank in the bond market after the latest discouraging signals on the economy.

The S&P 500 climbed 0.3% to top its prior all-time high, which was set last week. The Dow Jones Industrial Average added 43 points, or 0.1%, to its own record set the day before, while the Nasdaq composite rose 0.4%.

The action was stronger in the bond market, where Treasury yields dropped after a report suggested hiring may have been much weaker across the country last month than economists expected.

Employers outside the government actually cut 32,000 more jobs than they added, according to the survey by ADP Research, with the Midwest taking particularly hard hits. What's worse, the survey also revised down its numbers for employment in August, to a loss of 3,000 jobs from a previously reported gain of 54,000.

Usually, traders on Wall Street wait for a more comprehensive jobs report that comes from the U.S. government each month to suss out how the job market is doing. The U.S. government gets its data from a larger sample of employers than the ADP survey, which does not have a perfect track record predicting what the more comprehensive report will say each month.

But the next Labor Department report, scheduled for Friday, is likely to be delayed because of the shutdown of the U.S. government that began just after midnight.

"Whether this is an accurate statistic or not, people in the markets believe that it signals something," according to Carl Weinberg, chief economist at High Frequency Economics. "The signal from today's headline will not be a good one."

The hope on Wall Street has been that the job market will continue to slow by a very precise amount: enough to convince the Federal Reserve to keep cutting interest rates, but not by so much that it brings a recession.

That's a delicate balance to achieve, and every economic report from the U.S. government that gets delayed only increases the uncertainty about whether it's possible. Stocks have already run to records on expectations for coming cuts to rates, so a lack of them could send the market lower.