



US STOCKS-Weak jobs data sets up market for lower open

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(Updates prices, adds jobs report details)

By Caroline Valetkevitch

NEW YORK, Jan 4 (Reuters) - U.S. stocks were set to drop at the open on Friday as weaker-than-expected government data on job growth last month fed recession fears.

The Labor Department report showed December non-farm payrolls increasing well below economists' expectations and the unemployment rate jumping to 5 percent, its highest in more than two years.

The creation of just 18,000 new jobs in December was the weakest since August 2003 when non-farm payrolls fell by 42,000, the report said.

"This number is definitely disappointing," said Alan Lancz, president of Alan B. Lancz & Associates Inc. in Toledo, Ohio. "It goes to show the ripple effect from subprime and (housing losses). That's hitting other industries besides financials."

S&P 500 futures SPc1 were down 14.90 points, below fair value, a mathematical formula that evaluates pricing by taking into account interest rates, dividends and time to expiration on the contract.

Dow Jones industrial average futures DJc1 dropped 109 points. Nasdaq 100 NDc1 futures were down 34 points.

A downgrade of chip maker Intel Corp (INTC.O: [Quote](#), [Profile](#), [Research](#)) by JP Morgan, according to theflyonthewall.com, could add pressure to the market. It was the stock's second ratings cut in three days.

Futures were pointing to a higher opening before the jobs data.

Brokerage shares could come under pressure following a report in the Wall Street Journal that said securities regulators are probing several brokerage firms dealing with collateralized mortgage obligations. For details, see [ID:nN04276443]. (Additional reporting by Ellis Mnyandu; Editing by Kenneth Barry)