

Stock futures fall ahead of jobs, services reports

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Stocks were set for a modest fall Wednesday as caution persists about the health of the economy ahead of reports on private employment and the services industry.

A report from payroll company ADP is expected to show private employers slightly ramped up hiring in July, while the Institute for Supply Management's index on service sector activity is expected to slow but still show expansion.

The data follows the trend seen over the past few months that the economy continues to grow, but at a sluggish pace. Economic reports over the past couple of days have begun to again overshadow quarterly earnings, which were mostly upbeat and drove stocks higher in July.

Economists polled by Thomson Reuters forecast private employers added 40,000 jobs last month after adding 13,000 in June. High unemployment remains the biggest obstacle to a stronger recovery.

People worried about their job situation have cut back on shopping and avoided big purchases like new homes, which has stifled growth across many sectors of the economy. Analysts have said the economy and the stock market could remain stagnant until there are consistent signs of significant job growth.

The ADP report is often used as a gauge for the Labor Department's monthly employment report. The government report, which is broader and includes government jobs as well as private sector employment, is due out Friday. It's expected to show private employers added 90,000 jobs last month and the unemployment rate rose to 9.6 percent from 9.5 percent in June.

The ISM's services index likely dipped to 53 in July from 53.8 a month earlier. Any reading above 50 indicates the sector is expanding, so while growth isn't as strong the sector continues to expand.

A slight slowdown in services activity would match the modest pullback seen Monday when ISM released its manufacturing survey. Stocks surged Monday after the ISM manufacturing index fell less than expected.

Ahead of the opening bell, Dow Jones industrial average futures fell 24, or 0.2 percent, to 10,570. Standard & Poor's 500 index futures fell 3.60, or 0.3 percent, to 1,114.70, while Nasdaq 100 index futures fell 5.00, or 0.3 percent, to 1,888.00.

Cautious investors continued to move their money into Treasuries, which drove interest rates lower in the bond market. The yield on the 10-year Treasury note, which moves opposite its price, fell to 2.89 percent from 2.92 percent late Tuesday. Its yield is often used as a benchmark for rates on mortgages and other consumer

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Stocks dipped Tuesday after reports showed personal income and spending were flat in June and factory orders and pending home sales both fell in June. All four readings fell below economists' expectations, which added to the worries about the slowing pace of recovery.

The disappointing economic reports Tuesday were a fresh reminder that the recovery is weakening. They tempered the excitement seen Monday when the ISM's manufacturing index did not show as much of a slowdown as forecast.

The Dow Jones industrial average dropped 38 points Tuesday.

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