



April 2, 2009

## Jobs Report Could Snuff Stock Rally

By Steve Schaefer

Wall Street is braced for the government's March employment reading Friday, but investors are in a much happier place than the last time they grappled with the monthly report.

A three-day rally has the major U.S. averages at their best levels since early February, and recent economic indicators not related to jobs have offered encouraging hints that the downward slope of the recession may be showing signs of flattening. Have no doubts, though: Friday's Labor Department report will not be pretty, coming after Wednesday's data from Automatic Data Processing showed private sector payrolls shed 742,000 jobs in March.

Analysts expect the government to report 650,000 jobs were trimmed from nonfarm payrolls in March, bumping the unemployment rate to 8.5%.

If the report manages to come in better than the 651,000 jobs lost in February, it may prove enough of a win for stocks to extend their rally.

That may prove challenging though, with visions of profits dancing in the eyes of investors. After the market hit fresh lows in early March, Wall Street is in position for its fourth-straight weekly gain. The major averages hung tough Thursday, sustaining their advance despite the looming jobs report. For the day, the S&P 500 gained 23 points, or 2.9%, to 834; the Dow Jones industrial average climbed 216 points, or 2.8%, to 7,978; and the Nasdaq added 51 points, or 3.3%, to 1,603.

The gains came as investors cheered a relaxation of the Financial Standards Accounting Board's mark-to-market rules and news out of the London Summit that the G-20 will pump another trillion dollars into the global economy through several institutions, including the International Monetary Fund. (See "Accounting Change, G-20 Send Street Higher.")

After the close, Research In Motion vaulted into the spotlight, reporting fourth-quarter earnings of 90 cents a share, 6 cents better than the Street's estimate. The BlackBerry maker also projected higher revenue and earnings than analysts expect in the current quarter, and improvement in gross margins, which were down from the prior period. Research In Motion shares were substantially higher Thursday, but really took off after hours, gaining \$10.37, or 21.1%, to \$59.46.

The commodity names will bear watching Friday, after hopes for an economic recovery had materials stocks cleaning up Thursday. Crude oil gained \$4.25, to \$52.64 a barrel, but the strongest games came out of metal stocks. Gold prices fell, but a rise in copper gave a boost to companies like Freeport-McMoRan Cooper & Gold, which added \$1.86, or 4.7%, to \$41.57. Meanwhile, aluminum producer Alcoa paced the Dow, adding 58 cents, or 7.6%, to \$8.18.

Financial stocks rallied after the FASB's accounting change, before finishing off their best levels of the session. While investors cheered the move, there was some concern that it could weaken the Treasury Department's plan for a public-private partnership to buy troubled assets off bank balance sheets. (See "Mark-To-Messy Accounting Change.")

**Dan Alpert, managing director at Westwood Capital, said the plan could take some of the teeth out of the legacy securities portion of the Public- Private Investment Program, but that is a smaller piece than the program for whole loans. The bigger concern, Alpert said, is that banks could take advantage of the relaxed rules to write up the value of loans and securities. If banks take that unfortunate step, it will further widen the bid/ask spread that already poses a significant challenge to the government's plans, Alpert said.**

Bank of America gained 19 cents, or 2.7%, to \$7.24; JPMorgan Chase was up just 7 cents, or 0.3%, to \$28.16.