



Stocks Close Mixed on Weaker-Than-Expected Employment Data
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Stocks ended a strongly positive week narrowly mixed Friday after the market absorbed a weaker-than-expected employment report that curbed bullish sentiment.

Still, the **Dow Jones Transportation Average** withstood a late dip Friday and closed at an all-time high as blue chip stocks slipped following a late rally in crude oil. Small cap stocks also fared well, with the **Russell 2000** index also carving out a new record.

Bargain-hunting investors bought telecom and tech stocks, giving the **Nasdaq** a modest gain while the **S&P 500** also rose slightly. The **Dow Jones Industrial Average** closed moderately lower.

The morning's release of muted economic data kept many buyers out of the market. U.S. labor officials said [nonfarm payrolls increased](#) by 111,000 in January, which missed the consensus estimate of 150,000. Upward revisions to the data from November and December, however, offset the lower-than-expected increase.

Meanwhile, the unemployment rate rose unexpectedly to 4.6% from 4.5%, and average hourly earnings increased 0.2%, also less than anticipated.

"I think that overall the jobs report was good. Aggregate demand looks pretty strong to me," said Richard Hoyt, market strategist at **KDV Wealth** Management, on CNBC's "Morning Call."

Hoyt said the rising employment numbers will positively affect the consumer spending outlook, which will be good for stocks.

John Lynch of Evergreen Investments told CNBC the long term employment uptrend will be enough to absorb new entrants into the job force without cranking up inflation. "I'm not looking for a significant P/E expansion but I think it'll be a very good year," Lynch said.

Some traders attributed the broad weakness in the day's trading session to profit-taking.

"We've had a strong move in the markets this week and I think some people just took some chips off of the table," Arthur Hogan, managing director at Jefferies, told CNBC.com. "The employment data was slightly weaker, but with the revisions you are hard pressed to find something to be concerned about."

[US@CL.1 58.34 ▲ 0.35 (+0.6%) 📉] bottomed a little before noon and never looked back, closing just shy of \$59 on the New York Mercantile Exchange.

[FDX 117.29 --- UNCH (0%) 📉] led the index higher as an analyst upgrade from Deutsche Bank injected life into the shares. The firm cited the stock's "attractive

valuation and long-term growth potential," and upgraded it to "buy" from "hold" with a price target of \$130.

The Dow Transportation average finished at 5006.89, beating the previous closing high of 4998.95 in May, and confirmed new highs in the Dow industrials.

Kelly Bogdanor, an analyst with RBC Dain Rauscher, said in an interview with CNBC.com the new high in the transportation average is a positive signal for the market.

The analyst said Dow Theory, the belief that new highs in both averages indicate further stock gains, has merit.

"We've been watching the transports very closely," she said. "It's one more positive piece of the puzzle and we're encouraged by it."

However, Bogdanor said one immediate concern on the minds of investors is lower corporate earnings.

"We're not seeing a lot of traction for first-quarter earnings guidance, companies have been more negative than in previous quarters."

The S&P 500 has not seen a daily decline of more than 2% in more than 900 trading sessions, Bogdanor noted, warranting a cautious approach for investors.

"We haven't had a meaningful correction since the rally began," she said. "We're still advocating our clients to own stocks but they need to be a bit more cautious about the type of stocks they own."