U.S. Stock Futures Plunge as Job Data Trail Estimates

By Namitha Jagadeesh and Nikolaj Gammeltoft - Apr 5, 2013

U.S. stock futures fell, indicating the Standard & Poor’s 500 Index will extend its biggest weekly drop this year, after data showed the nation added less than half the number of jobs that economists forecast in March.

Bank of America Corp. and Citigroup Inc. fell more than 1.8 percent as financial shares slumped. Caterpillar Inc., General Electric Co. and Exxon Mobil Corp. slid at least 1.1 percent to pace decline among the largest companies. F5 Networks Inc. (FFIV) tumbled 17 percent after lowering its revenue forecast. Cisco Systems Inc. and Juniper Networks Inc., the makers of communications equipment, lost more than 3.8 percent.

S&P 500 (SPX) futures expiring in June retreated 1.2 percent to 1,535.8 at 8:50 a.m. in New York. The equity benchmark gained 0.4 percent yesterday, trimming its weekly decline to 0.6 percent, as Japan’s central bank increased its stimulus program. Contracts on the Dow Jones Industrial Average fell 145 points, or 1 percent, to 14,386 today.

“This report is a huge disappointment,” Mark Luschini, chief investment strategist at Philadelphia-based Janney Montgomery Scott LLC, which oversees $55 billion, said in a telephone interview. “This will spook the market and it obviously means that the Fed will remain on vigil with regards to the highly accommodative monetary policy.”

Payrolls grew by 88,000 workers last month, the smallest in nine months, after a revised 268,000 gain in February that was higher than first estimated, Labor Department figures showed today in Washington. The median forecast of 87 economists surveyed by Bloomberg projected an advance of 190,000. The jobless rate fell to 7.6 percent from 7.7 percent.

Record Highs

The bull market in U.S. equities entered its fifth year last month. The S&P 500 has surged 131 percent from a 12-year low in 2009 as companies reported better-than-estimated earnings and the Federal Reserve embarked on three rounds of bond purchases to stimulate the economy. The S&P 500 and the Dow closed at record highs on April 2.

Alcoa Inc. unofficially kicks off the first-quarter earnings season on April 8 when it reports its financial results after equity markets close.

Earnings at S&P 500 companies decreased 1.9 percent in the first three months of the year, according to analyst estimates compiled by Bloomberg. That would mark the first year-over-year decrease in profit since 2009. Energy company earnings fell the most with a drop of 6.6 percent, the estimates show, as oil traded at an average of $94.36 a barrel during the period compared with $103.03 in the first quarter of 2012. Profit at technology companies declined 4.1 percent for the second-biggest drop, the data show.

Banks Tumble

Financial shares slumped. Bank of America lost 1.8 percent to $11.73, while Citigroup dropped 2 percent to $41.92.

Among the largest companies, Caterpillar declined 1.6 percent to $83.25. Exxon Mobil slid 1.1 percent to $88.78, and GE tumbled 1.2 percent to $22.81.

F5 Networks (FFIV) plunged 17 percent to $74.80 after the maker of equipment for managing data traffic forecast second-quarter revenue of $350.2 million. It had projected sales of $370 million to $380 million. The company said slower North American sales had forced it to lower its estimates.

Cisco, the world’s largest maker of networking equipment, declined 3.8 percent to $20.23 and Juniper Networks, the second-biggest, slid 6.5 percent to $16.95.

Hanesbrands Inc. rose 1.8 percent to $45.92 after the apparel maker said it will pay a quarterly dividend of 20 cents a share
in June, the first time it has made a payout to shareholders.

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