Markets end the day sharply lower after weak jobs report ignites fears of a slowing economy

edition.cnn.com/business/live-news/us-jobs-report-july-markets/index.html

Od Alicie Wallaceové ze CNN, Elisabeth Buchwaldové, Bryana Meny a Krystal Hur 2. srpna 2024

Trhy na konci dne prudce klesly poté, co zpráva o slabé práci podnítila obavy ze zpomalení ekonomiky

Zpětná vazba k videoreklamě

Americká ekonomika vytváří mnohem méně pracovních míst, než se očekávalo. CNN rozebírá, co to znamená

01:50 - Zdroj: CNN

Co jsme zde probrali

- V pátek na Wall Street zavládl strach poté, co nejnovější zpráva o zaměstnanosti dramaticky zaostala za očekáváním.
- Americká ekonomika v červenci vytvořila pouhých 114 000 pracovních míst , informoval v pátek Bureau of Labor Statistics.
- To je výrazně horší, než se předpokládalo, a podtrhuje to nedávné obavy, že trh práce zpomaluje příliš rychle a mohl by vyvolat recesi.
- Ekonomové očekávali pomalejší měsíční růst s přibližně 175 000 přidanými pracovními místy a mírou nezaměstnanosti, která zůstává na 4,1 %.
- Předseda Federálního rezervního systému Jerome Powell ve středu poznamenal, že centrální banka bedlivě sleduje trh práce a že představitelé Fedu jsou připraveni zasáhnout snížením sazeb, pokud růst prudce poklesne.

- Americké trhy v pátek zakončily den výrazně níže , Dow uzavřel o 612 bodů níže poté, co se propadl až o 900 bodů. Nasdaq Composite zakončil den v korekci a při uzavření trhu dosáhl 2,43 % níže. S&P uzavřel pokles o 1,84 %.

36 příspěvků

22:18 SELČ, 2. srpna 2024

Dow uzavírá o více než 600 bodů níže po slabé červencové zprávě o zaměstnanosti

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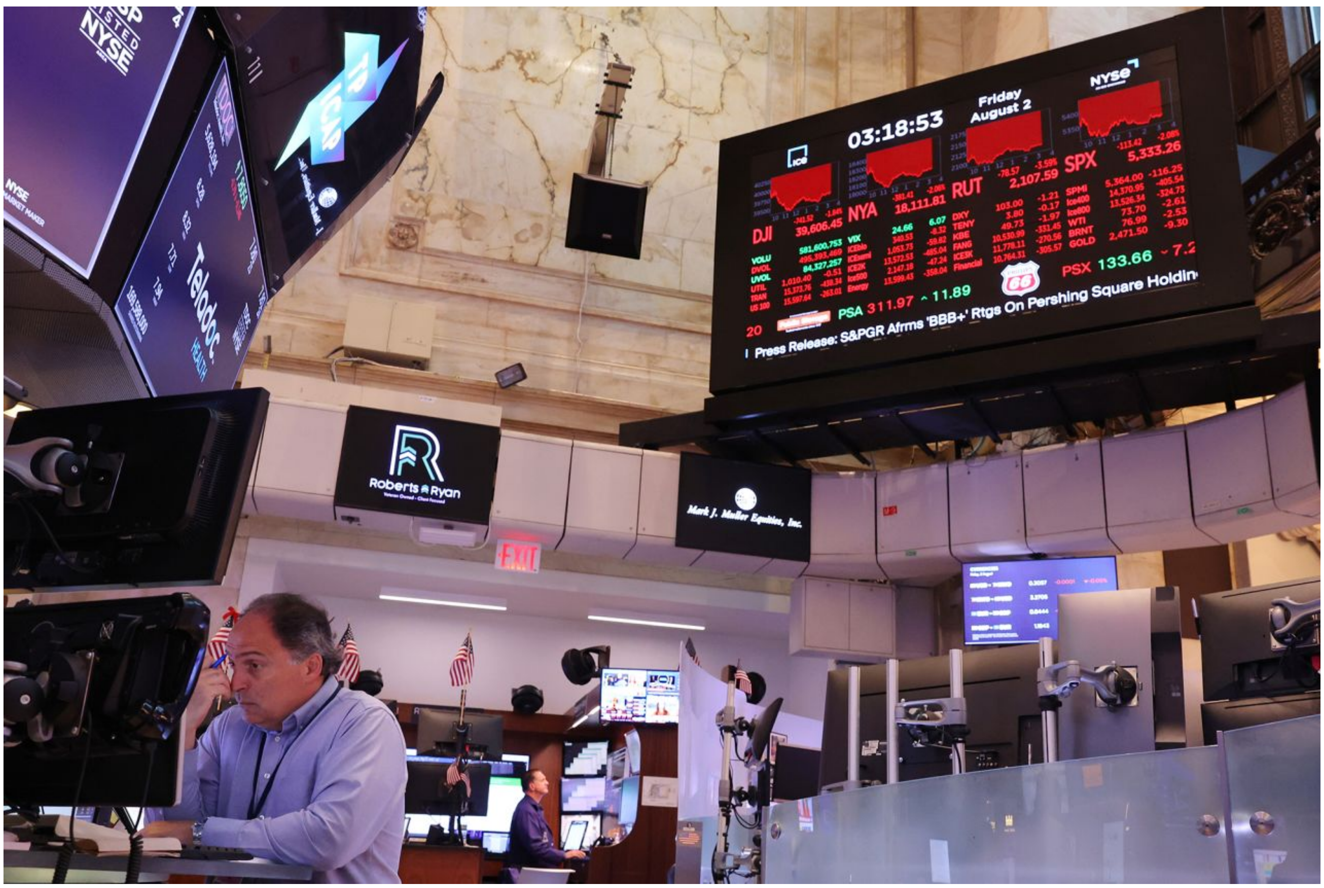

Obchodníci pracují na půdě newyorské burzy během odpoledního obchodování 2. srpna.

Michael M. Santiago/Getty Images
Akcie se v pátek propadly, když se k obavám, že americká ekonomika oslabuje, přidala neuspokojivá zpráva o zaměstnanosti.

Dow uzavřel o 612 bodů, neboli o 1,5 %, níže poté, co dříve v seanci klesl o více než 900 bodů. S&P 500 ztratil 1,8 % a Nasdaq Composite klesl o 2,4 %.

Nasdaq uzavřel korekční teritorium nebo více než 10 % od svého posledního maxima z 10. července.

Index strachu a chamtivosti CNN , který měří sedm barometrů tržního sentimentu, klesl na hodnotu „strachu“ 27.

Americká ekonomika vytvořila v červenci jen 114 000 pracovních míst, podle údajů Bureau of Labor Statistics zveřejněných v pátek. To je hluboko pod odhady ekonomů o 175 000 přidaných pracovních místech. Míra nezaměstnanosti vzrostla na 4,3 % ze 4,1 %, což je nad očekávání, že zůstane stabilní.

Jak se akcie po obchodním dni ustálí, úrovně se mohou mírně změnit.

22:17 SELČ, 2. srpna 2024

Akcie v pátek odpoledne vyrovnaly dřívější ztráty

Obchodníci pracují na půdě newyorské burzy během odpoledního obchodování 2. srpna.

Michael M. Santiago/Getty Images

Akcie snížily dřívější ztráty, protože investoři pokračovali v revizi slabší zprávy o pracovních místech v červenci, než se očekávalo.

Dow klesl o 741 bodů, neboli 1,9 %, tempem svého nejhoršího denního procentuálního poklesu v roce 2024. Index S&P 500 klesl o 2,2 % a Nasdaq Composite ztratil 2,7 %.

20:16 SELČ, 2. srpna 2024

Páteční výprodej je "normální" proces, říká investor

Je jen málo zákoutí na burze, která se nekoupala v červeném pátku.

Akcie klesly poté, co investory vyděsila slabší zpráva o pracovních místech v červenci, než se očekávalo. Široký výprodej zastavil nedávnou rotaci trhu z akcií Big Tech do menších, poražených akcií, k čemuž došlo poté, co řada chladných zpráv o inflaci vyvolala optimismus ohledně zářijového snížení sazeb.

Sam Stovall, hlavní investiční stratég společnosti CFRA Research, řekl, že trh se možná „připravoval na zklamání“ se svým zápalem pro technologické akcie, a on vidí výprodej jako „normální nápravný proces“. Jen asi 8 % akciového trhu tvoří akcie s malou a střední kapitalizací, poznamenává – zlomek z velké váhy Big Tech a znamení, že rotace by stejně zasáhla nějaké zádrhele.

"Zpočátku to investoři mysleli dobře, pane, víš, můžeme se prostě přeměnit na akcie se střední a malou kapitalizací." ... To by bylo jako říct: 'Myslím, že můžu vypustit jedno z Velkých jezer do svého bazénu na zahradě.' To se nestane.“

19:37 SELČ, 2. srpna 2024

Wall Street svírá strach kvůli zprávám o špatných pracovních místech. Ale nepropadejte panice

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Od Matta Egana a Davida Goldmana ze CNN

Na půdě newyorské burzy pracuje 1. srpna obchodník.

Jeenah Moon/Getty Images

Po páteční zprávě o pracovních místech, která byla mnohem horší, než se očekávalo, se na Wall Street stal dominantní emocí strach.

Index strachu a chamtivosti CNN Business, měřítko tržního sentimentu, klesl na 26 – blízko k „Extreme Fear“. Bylo to na „neutrálním“ území teprve před týdnem.

Abychom si byli jisti, páteční zpráva o zaměstnanosti byla pro americkou ekonomiku špatnou zprávou. Ale není to *tak* špatné, říkají ekonomové a analytici: Americká ekonomika zůstává silná. Reakce trhu (Dow se v jednu chvíli propadl o více než 900 bodů) může být přehnaná.

“It feels a little panicky,” Truist’s Keith Lerner said. “The market has a lot of things to digest at once. And that makes it hard to get confidence.”

Risks of a recession are rising, said Moody’s Mark Zandi, but he still believes the odds remain low. He said the Federal Reserve may have to consider a half-point rate cut at its next policy meeting, in September, to ensure the economy gets into better shape.

“I do feel like this economy will be able to navigate through this, but it’s going to be close,” Zandi said. “They’ve got to get moving here.”

Bank of America economist Michael Gapen agreed, saying a so-called soft landing — in which inflation slows without throwing the economy into a recession — remains the most likely outcome.

“There’s a very good chance we can get a soft landing out of this,” Gapen said.

7:40 p.m. SELČ, August 2, 2024

Elizabeth Warren: The Fed made "a serious mistake"

From CNN's David Goldman

Sen. Elizabeth Warren (D-MA) speaks during a Senate Banking, Housing, and Urban Affairs committee hearing on January 11 in Washington, DC.

Kent Nishimura/Getty Images
One of the biggest Federal Reserve policy opponents in Congress is using Friday's jobs report as an opportunity to say: "I told you so."

Massachusetts Democratic Sen. Elizabeth Warren said Friday that the Fed should have cut rates sooner — as she's been calling for over the past year or so. Warren has called repeatedly for Fed Chair Jerome Powell's ouster, and she has said that the Fed's war on inflation has come at the expense of jobs and prosperity.

"Fed Chair Powell made a serious mistake not cutting interest rates," Warren posted on X Friday, referring to the central bank's most recent policy meeting, which concluded on Wednesday. "He's been warned over and over again that waiting too long risks driving the economy into a ditch. The jobs data is flashing red."

Powell has shot back at Warren and other progressives who have decried the Fed's interest rate hikes, which have kept rates at a 23-year high for about a year. Powell has argued that the job market has been strong, and though millions of people may be out of work, hundreds of millions of people are struggling with rising prices.

But Friday's jobs report suggests the Fed may have kept rates too high for too long.

"Powell needs to cancel his summer vacation and cut rates now — not wait 6 weeks," Warren warned.

7:35 p.m. SELČ, August 2, 2024

The Fed "has to respond" to 4.3% unemployment rate, Goolsbee says

U.S. Federal Reserve Chair Jerome Powell speaks during a press conference in Washington following a two-day meeting of the Federal Open Market Committee on interest rate policy on July 31.

Kevin Mohatt/Reuters

Chicago Federal Reserve President Austan Goolsbee said Friday the current US unemployment rate of 4.3% is something the central bank “has to respond to,” implying it could merit cutting interest rates.

That’s because the new unemployment rate is above what Fed officials believe is the ideal long-term jobless rate for the economy.

But Goolsbee, who voted at the Fed’s meeting this week, said the July jobs report alone isn’t causing him to believe officials need to cut rates.

“The trends show inflation coming down across the board, multiple months in a row, they show the labor market cooling,” Goolsbee said in an interview with Bloomberg TV on Friday.

6:17 p.m. SELČ, August 2, 2024

Calls for bigger and more rate cuts grow louder from nation's biggest banks

Prior to Friday, most of the big banks on Wall Street were in agreement that the Federal Reserve would cut interest rates at some point this year, with September being the most likely option.

But there's been an open question of whether the Fed would cut rates multiple times this year as well as the size of the potential cuts.

After Friday's disappointing jobs report though, more economists from the nation's biggest banks are converging around there being multiple cuts this year, possibly kicking off with a larger than previously anticipated half-point cut in September.

Here's what they're predicting:

- **Bank of America:** Quarter-point cuts inSeptember and December
- **Citigroup and JPMorgan:** Half-point cuts in September and November and a quarter-point cut in December
- **Goldman Sachs:** Quarter-point cuts in September, November and December

6:21 p.m. SELČ, August 2, 2024

Unemployment just tripped a recession "rule"

Commuters wait to ride on a Massachusetts Bay Transportation Authority subway on July 8 in Boston.

Phelan M. Ebenhack/AP

Up until June, when the unemployment rate rose to 4.1%, the nation's jobless rate was on a 30-month streak of being at or below 4%.

Economists expected it to hold steady, but instead it marched higher for the fourth-consecutive month and landed at 4.3%.

Put in historical context, 4.3% ain't too shabby, but the rate at which it's been escalating as of late makes it more uncomfortable, said Elizabeth Crofoot, senior economist at labor analytics firm Lightcast, in an interview with CNN.

The increase triggers the "Sahm rule," an indicator that a recession is imminent or underway if the three-month moving average of the unemployment rate rises by 0.5 percentage points or more relative to its prior 12-month low.

However, plenty of rules have been broken in this post-Covid economy, and even Claudia Sahm, the economist who created the rule, cautioned this week that a triggering may not equal a recession.

Crofoot held a similar cautionary stance on Friday: “I’m very hesitant to use the ‘R’ word, because I don’t think we’re there; but this is something to keep our eye on.”

The recession bells aren’t ringing for Crofoot, Tedeschi and other economists because the economy is still growing (a robust 2.8%, in fact, during the second quarter); consumers are still spending; labor force participation remains high; and, most importantly, layoffs aren’t mounting.

6:02 p.m. SELČ, August 2, 2024

Where the jobs are

From CNN's Byron Manley and Matt Stiles
The health care and social assistance industry continued to lead the job growth in July, accounting for more than half of the monthly gains by adding 64,000 jobs.

Construction (+25,000), leisure and hospitality (+23,000), and government (+17,000), saw the next-highest gains.

However, job creation across other industries was languid.

While the US labor market remains in a historic period of expansion — July marks the 43rd consecutive month of job growth, the fifth-longest on record — much of the gains seen in the past two years have not been broad-based, heightening concerns among labor economists that the strength of a few is masking weakness among the many.

5:56 p.m. SELČ, August 2, 2024

July isn't the lowest job total so far this year

Jobseekers and representatives at a job fair at Brunswick Community College in Bolivia, North Carolina, on April 11.

Allison Joyce/Bloomberg/Getty Images

July’s jobs total may have a been a shocker, but it’s not the lowest monthly gain notched this year.

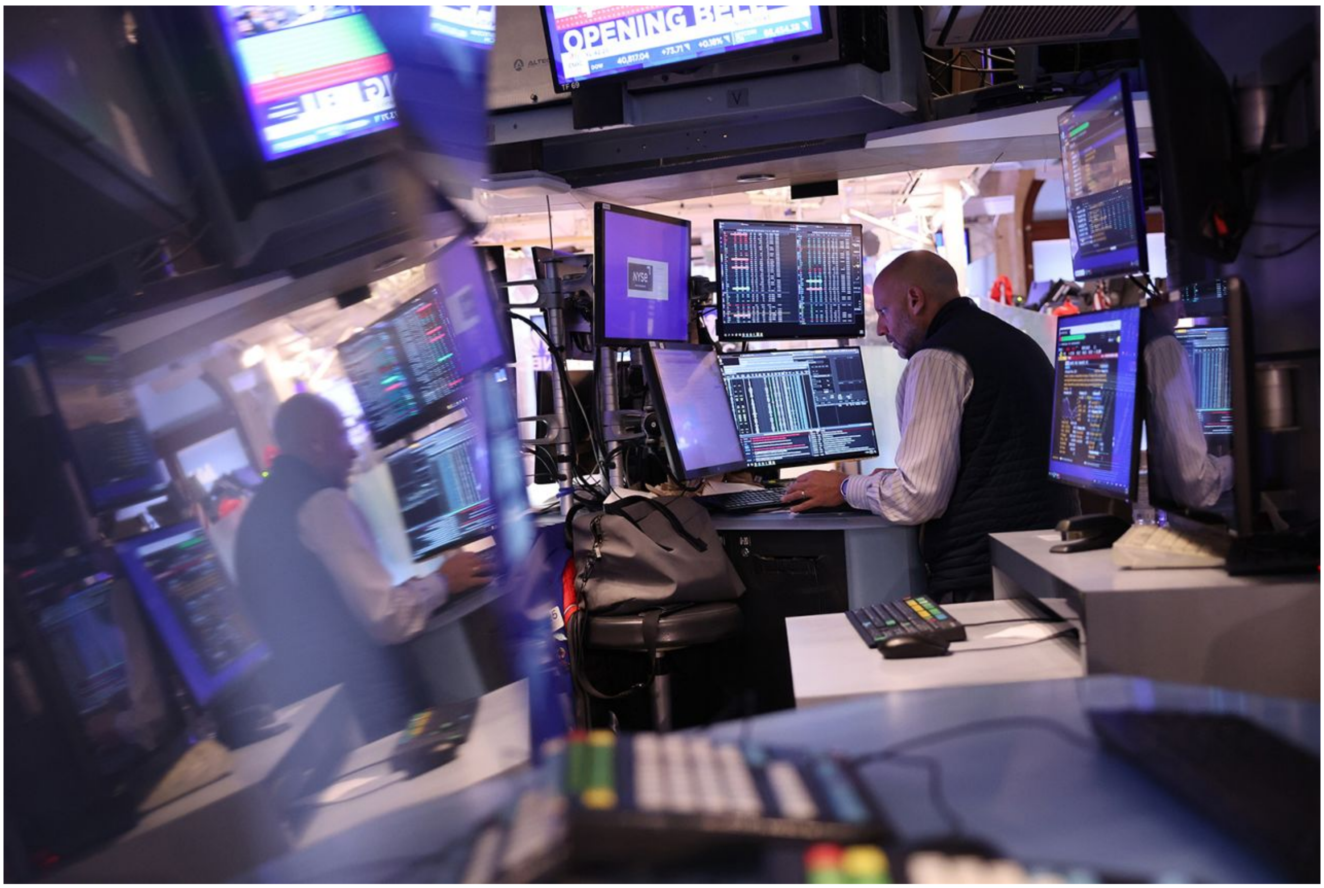
That happened in April, when downward revisions resulted in 108,000 net jobs created.

July’s 114,000 total is, however, the second-lowest monthly gain since December 2020.

“We’re in OK territory,” Elizabeth Crofoot, senior economist at labor analytics firm Lightcast, told CNN. “It’s when you get below 100,000 when I would start to get worried.”

5:20 p.m. SELČ, August 2, 2024

Dow plunges more than 900 points as investors parse jobs data



Traders work on the floor of the New York Stock Exchange during morning trading on July 31.

Michael M. Santiago/Getty Images

The Wall Street selloff accelerated Friday morning as investors continued to review the weaker-than-expected July jobs data.

The Dow slid 934 points, or 2.3%. The S&P 500 fell 2.6% and the Nasdaq Composite lost 3.1%.

That puts the Nasdaq in correction territory, or more than 10% off its most recent high on July 10.

5:00 p.m. SELČ, August 2, 2024

Fear takes hold on Wall Street

Investors were spooked Friday morning after the latest labor report revealed that the unemployment rate ticked higher than expected in July.

CNN’s Fear & Greed Index, which measures seven barometers of market sentiment, fell to a “fear” reading of 26, on the edge of entering “extreme fear” territory.

The Cboe Volatility Index, or VIX, which measures bets on expected stock market volatility, jumped to 28.

4:54 p.m. SELČ, August 2, 2024

Highs and lows for the unemployment rate

From CNN's Matt Stiles and Byron Manley

4:51 p.m. SELČ, August 2, 2024

Wage growth is continuing to slow

Americans’ paychecks last month grew at the slowest annual rate since May 2021.

US workers made $35.07 an hour, on average, in July. That’s up 8 cents, or 0.2%, from June, a relatively weak monthly gain and a far cry from the robust monthly pace of wage growth seen in recent years. From a year earlier, average hourly earnings were up 3.6% in July, which was the weakest annual rate since May 2021.

The Employment Cost Index, a more comprehensive gauge on employers' labor costs released earlier this week, showed a similar trend took place from April through June.

The latest wage data shows that a steady downward trend remains firmly in place. This also adds to evidence that America's job market is experiencing a broad slowdown, whether you look at monthly job gains, unemployment or wage growth. The job market was running red-hot when it rebounded from the Covid-19 pandemic as employers hiked wages to address hiring difficulties, which were thought to have been a source of inflation pressure.

This recent slowdown means there's less upward pressure on prices and serves as yet another data point nudging the Federal Reserve to cut interest rates in September.

Annual wage growth is still stronger than in pre-pandemic times — for now.

4:36 p.m. SELČ, August 2, 2024

No, a recession is not inevitable

Analysis from CNN's Matt Egan

People walk past the New York Stock Exchange on July 24.

Erik Pendzich/Shutterstock

The job market is weakening. Markets are tumbling. And Wall Street is betting the Federal Reserve will be forced to come to the rescue.

That ominous backdrop is suddenly raising the specter of a recession.

But it’s far too soon to know whether this is just a growth scare or something worse. One bad jobs report does not mean a recession is inevitable.

The economic jitters do suggest the Fed may have committed another policy mistake. The Fed was too slow in 2021 to respond to inflation and now Chair Jerome Powell and his colleagues may wish they had responded sooner to cracks in the job market.

But don’t dismiss the firepower the Fed has now to prevent a slowdown from morphing into a recession. With rates still at 23-year highs, Fed officials have plenty of room to revive confidence in the economy.

4:39 p.m. SELČ, August 2, 2024

Japanese stocks plunge 6% in biggest drop since pandemic

Laura He and Anna Cooban

A man looks at a display board showing the morning numbers on the Tokyo Stock Exchange along a street in Tokyo on August 2.

Richard A. Brooks/AFP/Getty Images

Japanese stocks tanked Friday as investors fretted about the health of the US economy and braced for further interest rate hikes from the Bank of Japan.

The Nikkei 225, Japan's benchmark index, closed down 5.8% — the index'sbiggest daily drop since March 2020 when the world was in the early grip of the coronavirus pandemic, and its lowest level since January.

Japan's Topix index also plunged 6%, notching its biggest one-day fall since 2016, the Financial Times reported.

Traders were rattled by the release of US data showing an uptick in the number of people claiming first-time unemployment benefits. Stock markets elsewhere in Asia and in Europe also fell across the board on Friday after the data pointed to weakness brewing in the world's biggest economy.

On Wednesday, the Bank of Japan raised interest rates by 0.15%, to a level of 0.25%, in its second hike this year and announced plans to taper its bond buying. Traders expect more rate hikes to come later this year as the central bank tries to contain inflation.

4:00 p.m. SELČ, August 2, 2024

Monthly job gains over the past year

From CNN's Byron Manley and Matt Stiles

4:09 p.m. SELČ, August 2, 2024

What does this mean for rates?

U.S. Federal Reserve Chair Jerome Powell holds a press conference following a two-day meeting of the Federal Open Market Committee on interest rate policy on July 31.

Kevin Mohatt/Reuters

July's jobs report, which showed that the US unemployment rate jumped to 4.3% from 4.1% in June, all but solidifies a September rate cut from the Federal Reserve.

The question now is: How big will that cut be?

Before Friday, investors were betting the Fed would opt for a quarter-point cut, the typical cadence interest rate moves follow. But now the majority of investors are banking on a larger half-point cut, according to Fed funds futures.

If that happens, that would mean central bankers view the current state of the labor market as a substantial risk that’s worthy of acting urgently to stave off further damage.

3:41 p.m. SELČ, August 2, 2024

Dow falls nearly 500 points after weak jobs report

From CNN's Nicole Goodkind

Traders work on the floor of the New York Stock Exchange on August 1.

Jeenah Moon/Getty Images

US markets fell on Friday morning following a weaker-than-expected jobs report. The new data stoked recession fears as investors worry that the numbers show a rapidly softening economy.

Big Tech led losses after Amazon missed on second-quarter earnings. Shares of the company fell 10%. Shares of Intel, meanwhile, fell 28% after the company lowered its forward guidance. Microsoft and Nvidia shares were also lower.

The tech-heavy Nasdaq is on track to end the week in a correction, down more than 10% from recent highs.

Treasury yields, meanwhile, fell as investors exited stocks and moved towards bonds in search of a safe haven.

The Dow was 497 points, or 1.2%, lower.

The S&P 500 fell by 1.6%.

The Nasdaq Composite lost 2.6%.

4:01 p.m. SELČ, August 2, 2024

What the sharp slowdown in hiring means

From CNN's David Goldman
The narrative has shifted.

For years, America’s economic problem was inflation. Jobs were booming. Consumers were irate about surging prices — but if you wanted a job in America, most people could get one.

Friday’s much-worse-than-expected jobs report made clear that a tectonic shift has taken place in the US economy: Hiring is slowing. But prices are increasingly under control.

Inflation is the biggest reason why so many Americans have negative feelings about the US economy, even as it continues to grow strong on the back of strong consumer spending. A slowing pace of job growth and a rising unemployment rate (it’s at its highest level in nearly three years) won’t help matters — particularly if America starts shedding jobs in the coming months.

If this keeps up, Vice President Kamala Harris could have a more difficult job to do as the likely Democratic nominee tries to persuade Americans that the economy under the Biden-Harris administration is working for average people.

But the hiring slowdown does not necessarily mean America is entering a recession. Growth remains strong, as does consumer spending — which makes up more than two-thirds of the US economy.

Still, this is an unwelcome change and a new challenge for the Federal Reserve and policymakers.

3:22 p.m. SELČ, August 2, 2024

Rising unemployment cements a rate cut in September

There was already little doubt that the Federal Reserve would roll out the first interest rate cut in September. The latest jobs report showing that the unemployment rate rose even higher last month just cemented that, and it’s even possible now that the Fed could cut rates by even more than previously expected.

In addition to controlling inflation, the Fed is also tasked by Congress to keep the labor market intact, and the recent runup in unemployment is a concerning sign for the Fed.

Fed Chair Jerome Powell said Wednesday that officials don’t want to see a “material” weakening in the job market. The current unemployment rate is still relatively low, but seems to have caught some upward momentum.

This development improves the odds of a half-point cut in September, though economists and traders still mostly expect that first rate cut to be a quarter-point in size, according to the CME FedWatch Tool.

Generally, the Fed makes its decision congruent with what's going on with inflation or the job market. In summer 2022, when inflation was running at 40-year highs, the Fed was hiking by three-quarters of a point, and during the Great Recession, the Fed cut rates by three-quarters of a point at several meetings.

There is one more jobs report before the Fed's September 17-18 meeting, and if unemployment rises even higher, the central bank may need to cut more aggressively.

3:35 p.m. SELČ, August 2, 2024

A silver lining of the disappointing jobs report

The US Treasury Department building is seen in Washington, DC, on January 19, 2023,

Saul Loeb/AFP/Getty Images

US Treasury yields were already slipping prior to the release of Friday's jobs report. Yields on 10-year Treasury notes fell below 4% for the first time in nearly half a year.

But in the time since the jobs report was released at 8:30 am ET, yields have dropped even further, to around 3.85%. The fall in yields reflects investors' growing belief that the Federal Reserve will not only cut interest rates at its next meeting in September but that it will opt for an even larger half-point cut.

For borrowers getting slammed by higher interest rates and people shopping for a new home, falling yields mean the interest rates they pay will likely go down because they are closely associated with Treasury yields.

3:23 p.m. SELČ, August 2, 2024

Growing consensus: The Fed screwed up

From CNN's David Goldman

US Federal Reserve Chairman Jerome Powell speaks during a news conference after a Federal Open Market Committee meeting at the Federal Reserve in Washington, DC, on July 31.

Roberto Schmidt/AFP/Getty Images

A cautious Federal Reserve kept its target interest rate at a 23-year high at its latest monetary policy meeting this week, despite overwhelming evidence that inflation is in check and growing cracks have been forming in the job market.

Today's jobs report is the latest piece of evidence that hiring is cooling off in America. The unemployment rate rose to a near-three-year high and the US economy added just 114,000 jobs in July — way below economists' forecasts.

The Fed is playing a balancing act — what it calls its "dual mandate." It aims to keep inflation low and job growth high. For several years, as inflation was sky-high and jobs were booming, the Fed focused on hiking rates to combat rising prices.

But inflation is falling and nearing the Fed's 2% target rate. Meanwhile, the unemployment rate has been steadily rising above 4% after hovering at a half-century low.

Although a number of economists had called on the Fed to cut rates by a quarter-point this week, most expected the Fed to cut in its next meeting to be held in September.

Now, economists are increasingly worried that the Fed acted too late — and the market has priced in a 62% chance that the Fed will cut by an alarming half-point at its next meeting, according to CME.

2:58 p.m. SELČ, August 2, 2024

Prominent economists called for a July cut. The Fed ignored them

A growing crowd of economists — among them, former Fed Vice Chair Alan Blinder and Nobel prize-winner Paul Krugman — urged the Federal Reserve to cut at this week's meeting rather than at September's meeting.

Instead, the central bank opted to keep rates at the highest level in over two decades, while setting the stage for a potential cut at its next meeting in September.

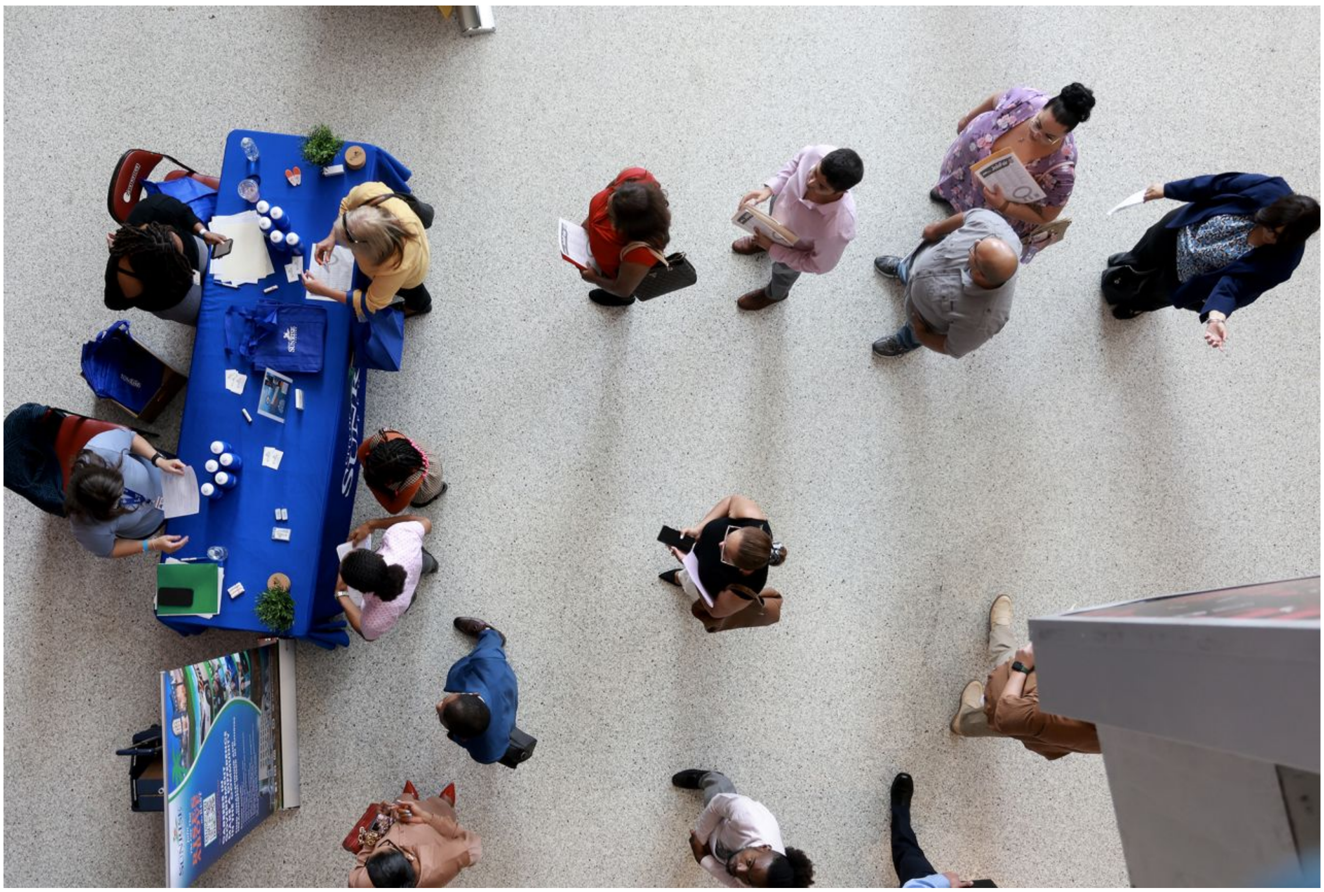
As Blinder put it in his Wall Street Journal op-ed this week: "Why wait?"

The argument Blinder and other economists made is: If you're on track to cut in two months anyway, central bankers should get it out the door sooner rather than later because monetary policy comes with what's referred to as long and variable lags. In other words, it takes time for the Fed's actions to be felt across the economy.

Some bruises in the economy were already developing prior to the release of Friday’s jobs report, which showed the nation’s unemployment rate jumped to 4.3%, the highest level since October 2021. Now those bruises are even more noticeable.

3:04 p.m. SELČ, August 2, 2024

July jobs data could "drag the entire economy under"



Job seekers attends the JobNewsUSA.com South Florida Job Fair held at the Amerant Bank Arena on June 26 in Sunrise, Florida.

Joe Raedle/Getty Images

“It looks like the sharper downturn in the labor market that [Federal Reserve Chair Jerome] Powell said they were watching for has just become a reality,” said Chris Rupkey, chief economist at FwdBonds.

“The risks are decidedly to the downside for the labor markets, and rising joblessness could drag the entire economy under. Job losses of this magnitude have never happened outside of recessions,” he wrote in a note Friday.

3:06 p.m. SELČ, August 2, 2024

Stock futures tumble after weak jobs report

People pass the New York Stock Exchange on July 30.

Peter Morgan/AP

Stock futures took a tumble Friday morning after fresh data showed that the US labor market cooled off more than expected last month.

Dow futures fell more than 530 points, or 1.2%. S&P 500 futures lost 1.6%, and Nasdaq-100 futures declined 2.2%

The US economy added just 114,000 jobs in July, according to Bureau of Labor Statistics data released Friday. That's below economists' estimates of 175,000 jobs added. The unemployment rate surged to 4.3% from 4.1%, above expectations for it to stay steady.

2:44 p.m. SELČ, August 2, 2024

Unemployment rate soars to highest level since October 2021

The US unemployment rate jumped to 4.3% in July from 4.1% in June. The new unemployment rate marks the highest level since October 2021, when the unemployment rate was 4.5%.

This marks the fourth straight month the unemployment rate rose, a sign the US labor market is cooling after a remarkable stretch lasting several years after the pandemic.

2:48 p.m. SELČ, August 2, 2024

US job growth slowed much more than expected in July

The US labor market cooled off significantly more than expected last month, underscoring concerns that the economy has slowed down too quickly and could lead to a recession.

Businesses added just 114,000 jobs in July, according to Bureau of Labor Statistics data released Friday and the unemployment rate surged to 4.3% from 4.1%.

Economists were expecting employers to have added 175,000 jobs and for the unemployment rate to remain at 4.1%.

2:07 p.m. SELČ, August 2, 2024

The number of available jobs in the US is shrinking

A pedestrian walks along Wall Street in New York City on June 9, 2023.

Michael Nagle/Bloomberg/Getty Images

Job opportunities are slowly disappearing in the US, and hiring has screeched to its slowest pace in a decade (aside from the pandemic plunge). That's making more workers hold tight to the job they've already got.

The good news: Those jobs don't appear to be nearing the chopping block.

That's according to the Bureau of Labor Statistics' latest Job Openings and Labor Turnover Survey, which showed that the number of open positions edged back slightly in June, hiring activity sank, layoffs were muted and the number of people quitting their jobs hit a three-year low, according to data released Tuesday.

Read more here.

2:02 p.m. SELČ, August 2, 2024

Wage gains are starting to slow

New data from the Employment Cost Index released Wednesday showed that wages and benefits rose more slowly than expected during the second quarter, increasing by the lowest quarterly rate in three years, or just 0.9%.

On an annual basis, compensation costs slowed as well, to 4.1%.

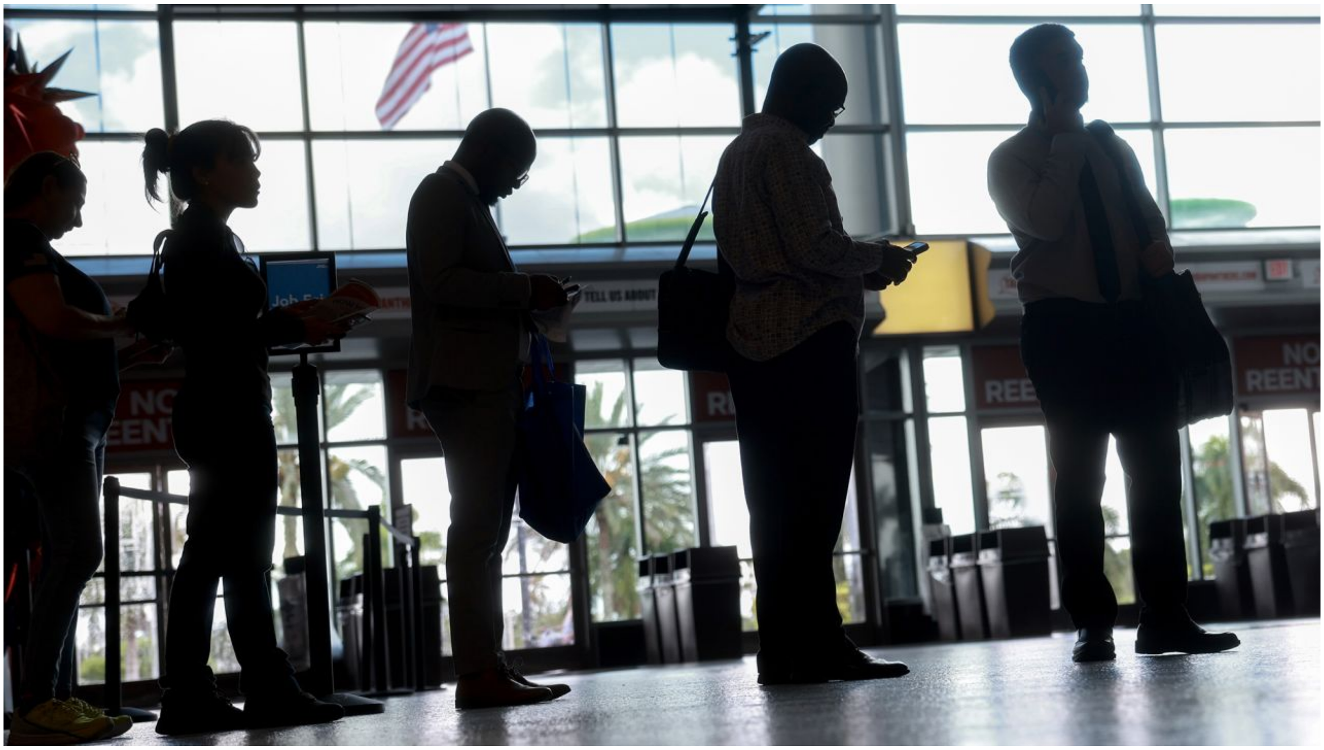
But if Friday's jobs report does show an increase in these measures, that might not necessarily be of concern, Julia Pollak, chief economist at ZipRecruiter, told CNN in an interview this week.

"That could be obscured by hurricane effects," she said, referencing Hurricane Beryl.

"The hurricane may result in a lower average hours number, which could raise wage growth just because that denominator is lower. I would discount any increase in wage growth that is shown Friday, because every other source suggests that wage growth is cooling and posted wages in job listings are slowing."

2:02 p.m. SELČ, August 2, 2024

Initial jobless claims just hit their highest level in a year



Job seekers attends the JobNewsUSA.com South Florida Job Fair held at the Amerant Bank Arena on June 26 in Sunrise, Florida.

Joe Raedle/Getty Images
First-time applications for jobless benefits continued to march higher last week, rising to an estimated 249,000 filings, which is the highest since last August, according to Department of Labor data released Thursday.

Continuing claims, which are filed by people who have received unemployment benefits for at least a week or more, increased to 1.877 million, the highest since November 2021.

While the increase seems concerning, economists say it’s less worrisome than it appears — at least for now — because layoffs aren’t mounting.

1:35 p.m. SELČ, August 2, 2024

Where are the jobs?

A company advertises to job seekers during the JobNewsUSA.com South Florida Job Fair held at the Amerant Bank Arena on June 26 in Sunrise, Florida.

Joe Raedle/Getty Images

The US job market is in a period of historic growth. It's the fifth-longest period of employment expansion on record.

However, the lion's share of the credit during much of that time goes to only a couple of industries: health care, government and (until just recently) leisure and hospitality.

In short, the employment gains haven't been broad-based. Instead, the overall numbers are reflective of a "rolling recession," where sectors experience downturns and recoveries at different times.

“This is an unusual state of affairs where the aggregate numbers look pretty strong, but they’re really being boosted by the unusually strong government and health care numbers, which are masking the unusual weakness elsewhere,” said Julia Pollak, chief economist at ZipRecruiter.

“I think it’s the major reason why the aggregate figures look so strong and yet people feel so bad,” she added.

“Most people in this country are not working in health care or a police department and can’t easily switch into those kinds of jobs. … These averages can look quite rosy but mask the very real challenges and struggles of business owners and job seekers.”

1:06 p.m. SELČ, August 2, 2024

What to expect from the jobs report

A We Are Hiring sign advertising job openings is viewed outside of a store on July 10 in Boston.

Phelan M. Ebenhack/AP

Economists expect that Friday's July jobs report will show a net gain of 175,000 jobs — a touch below the average for the past three months — and for the unemployment rate to hold steady at 4.1%, according to FactSet estimates.

The Federal Reserve isn't expected to start cutting rates until September at the earliest, but Friday's jobs report should provide some key insight into whether the labor market has enough gas in the tank to stay on cruise control.

1:08 p.m. SELČ, August 2, 2024

The Dow is set to shed 1,000 points in 2 days

From CNN's David Goldman

US investors are heading for the nearest exit — fast.

Stocks were set to tumble again Friday, dragged down by fears that cracks are forming in the American economy and concern that all the money investors poured into tech stocks, fueled by the AI boom, may have been overdone.

Dow futures fell 400 points, or 0.1%. S&P 500 futures were down 1.2% and Nasdaq futures were 1.8% lower.

Amazon and Intel reported dreadful earnings Thursday night, and their outlooks were equally miserable. The transition to AI has proven costly while its prospects remain uncertain.

Fear is the dominant emotion on Wall Street at the moment: CNN Business' Fear & Greed Index, a measure of market sentiment, fell solidly into "fear" mode after holding in "neutral" last week.

Those fears extended globally, with Japan’s Nikkei 225 plunging 5.8% Friday, the index’sbiggest daily drop since March 2020.

On Thursday, the stock market underwent a bit of a reset, with the Dow falling more than 600 points as America may be entering a new phase of the economy — a slowdown in hiring. The broader S&P 500 tumbled 1.5% and the tech-heavy Nasdaq Composite dropped a stunning 2.5%.

1:02 p.m. SELČ, August 2, 2024

What Wall Street expects from July's jobs report

Here’s what Wall Street is looking for in the July jobs report.

- “Provided the underlying economy remains fundamentally robust and company profit margins remain healthy, mass job losses and an income decline spiral should be avoided. Yet, it is still a pertinent risk on the Fed’s radar,” said **Seema Shah, chief global strategist at Principal Asset Management**.
- “If the economy creates fewer than 175,000 jobs in July, it will virtually assure a September cut over fears of a softening labor market,” said **George Ball, chairman of Sanders Morris.**
- “Weather disruptions from Hurricane Beryl that resulted in significant power outages are a one-off factor with a potentially large downside risk for this month’s jobs print. Our view is that the labor market is still fundamentally sound and normalizing,” said **Kevin Khang, senior international economist at Vanguard.**
- “Upcoming employment reports are the key data that could promote a faster cutting cycle. Nonfarm payroll gains at 100k or lower or a layoff-driven increase in the unemployment rate closer to 4.5% could spur the Fed to make more than 50 [basis points] of cuts this year,” wrote **BNP Paribas economists**.

1:03 p.m. SELČ, August 2, 2024

Back to normal?

A waiter wearing a protective mask serves drinks outside a restaurant on July 21, 2020 in New York City.

Jeenah Moon/Getty Images

The pandemic threw the US job market into chaos, but four years later, things finally seem to be back to normal.

Federal Reserve Chair Jerome Powell said as much Wednesday: “A broad set of indicators suggest that conditions in the labor market have returned to about where they stood on the eve of the pandemic: strong, but not overheated.”