Upbeat Jobs Data Contributes To Strength On Wall Street - U.S. Commentary

With traders reacting positively to the monthly jobs report, stocks have moved mostly higher in morning trading on Friday. The major averages have all moved to the upside after closing lower for two consecutive sessions.

Currently, the major averages all remain positive, although the tech-heavy Nasdaq is outperforming its counterparts. While the Nasdaq is up 86.47 points or 1.1 percent at 8,123.24, the Dow is up 98.50 points or 0.4 percent at 26,406.29 and the S&P 500 is up 16.92 points or 0.6 percent at 2,934.44.

The strength on Wall Street comes after the Labor Department released a closely watched report showing much stronger than expected job growth in the month of April.

The Labor Department said non-farm payroll employment surged up by 263,000 jobs in April following a downwardly revised increase of 189,000 jobs in March.

Economists had expected employment to climb by 185,000 jobs compared to the addition of 196,000 jobs originally reported for the previous month.

The report also said the unemployment rate fell to 3.6 percent in April from 3.8 percent in March, while economists had expected the rate to remain unchanged.

With the unexpected decrease, the unemployment rate slid to its lowest level since hitting 3.5 percent in December of 1969.

The drop in the unemployment rate was largely due to a significant contraction in the labor force, however, with the labor force shrinking by 490,000 people.

The Labor Department also said the average workweek for all employees on private non-farm payrolls decreased by 0.1 hour to 34.4 hours in April.

"The drop back in hours worked and the continued weakness in the household survey measure of employment suggests that the labor market is not quite as strong as that decent headline gain implies," said Michael Pearce, Senior U.S. Economist at Capital Economics.

The jobs data has largely overshadowed a separate report from the Institute for Supply Management unexpectedly showing a continued slowdown in the pace of service sector growth in the month of April.

The ISM said its non-manufacturing index dropped to 55.5 in April after falling to 56.1 in March, with the index hitting its lowest level since a matching reading in August of 2017.

While a reading above 50 still indicates growth in the service sector, economists had expected the index to inch up to 57.0.

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