

## MONDAY BUSINESS

## OUTLOOK

## Stocks' rise may falter briefly

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Good news about jobs should give the stock market a lift, but don't expect it to hold.

The Labor Department's report Friday that March saw the biggest increase in jobs in three years has boosted expectations for the economy. Investors dumped lower-risk investments such as bonds and pushed the dollar higher.

The stock market was closed for the Good Friday holiday, but stock futures contracts — investors' bets on what they think the market will do later — blipped higher.

All signs point higher for the stock market. The trouble is that some buyers have been looking a little winded lately. Stocks may get a boost from the jobs numbers, but some analysts warn that any gains will be hard to hold onto.

John Hancher, an executive at First Coverage, a financial services research group in Boston, said that the market might get a boost for a week or so but that the jobs report wasn't strong enough to hold off a pullback after five straight weeks of gains in major stock indexes.

First Coverage tracks analyst recommendations to measure investors' mood. Hancher said analysts at brokerage firms are saying, "It's time. The party is over and there will be a correction here."

Although the stock market might have gone too far, the jobs numbers provided good reason for optimism. Creating jobs is the most important sign of an economic rebound.

The gain in jobs marks a big turnaround from a year ago, when the economy was losing an average of 700,000 jobs a month.

Tom Samuels, manager of the Palantir Fund in Houston, said that even with a slow recovery in jobs, there are other threats to the economy, such as the prospect of higher taxes and rising commodity prices.

Samuels said the stock market has been rising based on its own internal dynamics rather than on expectations that the economy is improving.

"It's a momentum market right now, and one that has a fair amount of danger lurking," he said.

Some analysts say a retreat is overdue.

Others say it's too soon for investors to turn away from stocks.

The advance in the last two months has come in small bites, not the kind of leaps seen in 2009.

Andrew Neale, head of portfolio management at Fogel Neale Partners in New York, said the market still has room to climb without becoming overvalued.