Survey: Job Hiring To Speed Up In Next 6 Months

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CHICAGO (AP) — Results from a new economic survey may ease concerns about rising unemployment and its effect on consumer spending, as forecasters say more employers appear willing to hire in the coming months.

The latest quarterly survey from the National Association for Business Economics, set for release on Monday, shows that unemployment is moderating. It also signals an improved hiring outlook over the next six months, which may help alleviate worries that the nation's unemployment rate will continue to jump and constrict consumer spending, the main driver of the U.S. economy.

The jobless rate currently stands at 9.8 percent and is estimated to rise above 10 percent this year or early next year. But William Strauss, a senior economist for the Federal Reserve Bank of Chicago, said that companies appear more willing to hire employees.

"Job losses have been moderating with an improved outlook for hiring over the next six months," Strauss said.

Responses from 78 NABE members working for the private sector and industry trade associations showed that the percentage of firms adding jobs doubled to 12 percent in October from an all-time low of 6 percent in July. Job losses appear to be slowly abating with the percentage of firms cutting payrolls falling to 31 percent from 36 percent, the survey said.

Twenty-four percent of those surveyed said they expect employment to rise over the next six months, compared with 18 percent in July. While 56 percent expect no change in employment, only 4 percent of respondents expect more layoffs, down sharply from 11 percent in July, according to the survey.

Meanwhile, none of the respondents expect negative gross domestic product growth next year. However, growth isn't expected to rebound sharply, with about 55 percent of respondents expecting real GDP will rise no more than 2 percent in 2010.

The latest quarterly survey also shows that more companies reported rising demand for their products, as industry demand rose for the first time in five quarters. The net rising index for industry demand, which measures the difference of those two numbers, improved to 23 percent in October from -5 percent in July.

Strongest growth was reported in the services sector, with 54 percent of respondents reporting higher demand. Finance, insurance and real estate also posted gains. Demand in transportation, utilities, information and communications did wane, but at a slower pace than the first half of the year.

Tight credit continues to hurt business, but not quite as badly, the survey showed. In October, 42 percent of respondents reported that credit conditions hurt business, down from 54 percent of respondents in July.

Capital spending improved slightly as 12 percent of respondents reported boosting expenditures in the last three months, up from 8 percent in January. But the majority of respondents, 56 percent, were leaving capital spending unchanged.

More companies are also seeing profit margins edge higher. Thirty-six percent of respondents said profit margins have risen, while 28 percent said they have declined. Another 36 percent said they were unchanged, meaning the net rising index was 9 percent, an improvement from July's -17 percent.

The October survey showed that 23 percent of respondents said firms raised prices, up from 8 percent in the July survey.

The NABE survey was conducted between Oct. 2 and Oct. 12.

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