

Job Market Gets Stronger In October, Manufacturing Slips

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WASHINGTON (AP) — The economy generated a net gain in jobs for the first time in five months in October, as businesses stepped up their painfully slow pace of hiring.

But the unemployment rate, measured by a separate survey of households, remained stuck at 9.6 percent for the third straight month.

The Labor Department said Friday its survey of employers showed a net gain of 151,000 jobs last month, the first increase since May. Private employers hired 159,000 workers, the best since April.

Economists welcomed the report, which showed much stronger job gains than Wall Street analysts had expected.

"This is not a gangbusters report but it is very important," said Carl Riccadonna, an economist at Deutsche Bank. "It shows us that the momentum in employment is building."

Employers also extended the average work week to 34.3 hours, up by one-tenth. The additional jobs and longer work week should boost Americans' incomes and provide fuel for more consumer spending, which drives about 70 percent of the economy.

The additional income, combined with the Federal Reserve's decision Wednesday to pump more cash into the economy and the potential extension of the Bush tax cuts, could "jump start a virtuous cycle," Riccadonna said. More income may encourage more spending, leading to more hiring by healthier companies, he added.

The department also revised August and September's payroll figures higher. The private sector added 103,000 more jobs in those two months than previously estimated.

So far this year, the economy has added 874,000 jobs and over a million in the private sector. But that comes after the nation lost more than 8 million jobs in 2008 and 2009.

And about 14.8 million people say they were unemployed, a figure that hasn't improved much since the beginning of the year.

The job gains were concentrated in relatively few sectors: retailers added 27,900 positions, likely in preparation for the holiday season. Temporary agencies added 34,900. Restaurants and bars hired 24,400 people.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Government at all levels shed only 8,000 jobs, a much better showing than September's steep drop.

The construction industry added a small number of jobs, while the manufacturing sector shed 7,000 positions. Factory employment has been roughly unchanged since May.

The economy needs to add at least 100,000 net new jobs a month just to keep up with population growth. It will need to generate many more than that to cut into the unemployment rate, which has now topped 9.5 percent for 15 months.

The economy is growing, but at a weak pace. The Commerce Department said last month that gross domestic product, the broadest measure of the nation's output, increased by 2 percent in the July-September period. That isn't fast enough to encourage much hiring.

High unemployment helped stoke voter anger in congressional elections earlier this week. The Republican Party took control of the House and made significant gains in the Senate.

On Wednesday, the Federal Reserve announced a plan to buy \$600 billion in Treasury bonds in an effort to accelerate economic growth. Those purchases are intended to lower interest rates on mortgages and other loans and spur more borrowing and spending.

Source URL (retrieved on 11/23/2014 - 4:03pm):

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