Unemployment Drops To 9.4 Percent

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) — The nation's unemployment rate dropped to 9.4 percent last month, its lowest level in 19 months. That was because more people found jobs, but also because some people gave up on their job searches.

The Labor Department says employers added 103,000 jobs in December, an improvement from November but far below most analysts' expectations.

Private employers added a net total of 113,000 jobs last month. Government shed 10,000.

More people were hired in previous months than the government first estimated. The government's revisions showed the economy added 210,000 jobs in October, above the previous figure of 172,000. November's total was revised to 71,000, up from 39,000.

Over the past three months, the economy has added an average of 128,000 jobs. That's just enough to keep up with the population growth. Nearly double is generally needed to significantly reduce the unemployment rate.

But other factors can affect the unemployment rate, at least temporarily. One key reason for the drop was that the government no longer counts people as unemployed when they stop looking for work.

Fewer people said they were out of work last month. The number of unemployed fell by more than 500,000 to just under 14.5 million, the lowest since April 2009.

Still, the unemployment rate has topped 9 percent for 20 months, the longest such streak on record. And even with last year's job gains, the unemployment rate fell only from 9.7 percent to 9.4 percent.

Through all of 2010, the nation added 1.1 million jobs, or an average of 94,000 jobs a month.

Economists expect hiring will ramp up this year, with some predicting double last year's total of jobs or more. A tax cut package enacted last month should boost consumer and business spending.

The health care and leisure and hospitality sectors showed the strongest job gains last month. Health care added about 36,000 jobs, while restaurants and hotels hired more than 29,000 new workers.

Retailers added 12,000 net new jobs, and manufacturers 10,000. The bleeding continued in construction, which cut 16,000 jobs.

Including those who are working part-time but would prefer full-time work, and those who have given up looking for work, the underemployment rate was 16.7 percent last month. That's down from 17 percent in November.

103,000 New Jobs Points To Slow, Steady Growth

WASHINGTON (AP) — The nation's economy added 103,000 jobs in December and the unemployment rate dropped to 9.4 percent last month, its lowest level in 19 months.

But the job growth fell short of expectations based on a strengthening economy. And the drop in unemployment was mainly because people stopped looking for work.

Private employers added a net total of 113,000 jobs last month and the government shed 10,000 jobs, the Labor Department said Friday.

"It's a bit of a mixed bag," said Ryan Sweet, an economist at Moody's Analytics. Many analysts hoped to see larger job gains, and the drop in the unemployment rate is unlikely to be sustained, he said.

"The labor market ended last year with a bit of a thud," he said. "But I think things will get much better this year."

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Federal Reserve Chairman Ben Bernanke offered a more optimistic outlook for the economy while testifying before the Senate Banking Committee on Friday. Still, Bernanke said it could take four to five years for unemployment to drop to a historically normal rate of around 6 percent.

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