Unemployment Falls To Lowest Rate Since March 2009

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) — The U.S. unemployment rate fell last month to its lowest level in more than 2½ years. More people out of work either found jobs or gave up looking and were no longer counted as unemployed.

The Labor Department said Friday that the unemployment rate dropped sharply to 8.6 percent, down from 9 percent in October. The rate hasn't been that low since March 2009, during the depths of the recession.

About 13.3 million Americans remain unemployed.

Employers added 120,000 jobs last month. And the previous two months were revised up to show that 72,000 more jobs added — the fourth straight month that the government has revised prior months higher.

Private employers added a net gain of 140,000 jobs in November. But governments shed 20,000 jobs, mostly at the local and state level. Governments at all levels have shed nearly a half-million jobs in the past year.

More than half the jobs added last month were by retailers, restaurants and bars, a sign that holiday hiring has kicked in. Professional and business services also rose. That means the economy likely added higher-paying jobs — more engineers, accountants and high-tech workers.

The government's report is based on two surveys: One looks at employers' payrolls, and the other surveys households.

The household survey, which is used to determine the unemployment rate, showed bigger job gains than the employer survey for the fourth straight month.

Ian Shepherdson, an economist at High Frequency Economics, said that's a good sign. It suggests hiring will continue to improve.

"Something good is stirring in the U.S. economy," he said in a note to clients.

Still, more than 300,000 people stopped their job searches last month and were no longer counted as unemployed. That contributed to the drop in the unemployment rate. The rate could rise in future months if they resume looking.

And even with the recent gains, the economy isn't anywhere close to replacing the jobs lost in the recession. Employers began shedding workers in February 2008 and cut nearly 8.7 million jobs for the next 25 months. Since then, the economy has

regained nearly 2.5 million of those jobs.

The presidential election is less than a year away, which means President Barack Obama will almost certainly face voters with the highest unemployment rate of any president since World War II. Still, if the rate continues to decline, Obama stands to benefit.

And Europe's financial crisis threatens to slow U.S. growth next year. A recession in Europe could reduce U.S. exports, hurt global financial markets and dampen business confidence.

Paul Ashworth, an economist at Capital Economics, estimates that the economy will expand 2.5 percent in the last three months of this year. But he expects growth to slow to 1.5 percent in 2012, partly because of the crisis in Europe. And if Congress fails to extend the Social Security tax cut and long-term unemployment benefits this month, growth is likely to slow even further.

Weak job growth means companies don't have to raise pay to keep their employees. Fewer jobs and lower pay leaves consumers with less money to spend. That's holding back economic growth.

In the past three months, the economy has added an average of 143,000 net jobs per month. That's enough to keep up with population growth and better than the previous three months, when the economy averaged just 84,000.

Other recent economic reports have been positive, too.

Factory output expanded last month. Retailers reported a strong start to holiday sales over the Thanksgiving weekend, consumer confidence surged in November to the highest level since July, and Americans' pay rose in October by the most in seven months.

Car sales also rose sharply in November, normally a lackluster month for the auto industry. Chrysler, Ford, Nissan and Hyundai all reported double-digit gains on Thursday, compared to a year ago.

Source URL (retrieved on *09/02/2014 - 8:01pm*):
http://www.impomag.com/news/2011/12/unemployment-falls-lowest-rate-march-2009?qt-digital_editions=0