

Fed Likely To Act Next Week, But What Will It Do?

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) — U.S. employers added 96,000 jobs last month, a weak figure that could slow the momentum President Barack Obama hoped to gain from his speech Thursday night to the Democratic National Convention.

The unemployment rate fell to 8.1 percent from 8.3 percent in July. But that was only because more people gave up looking for jobs. People out of work are counted as unemployed only if they're looking for a job.

The sluggish job gains make the Federal Reserve more likely to unveil a new bond-buying program at its meeting next week. The goal would be to lower long-term interest rates to encourage borrowing and spending.

Hourly pay fell in August, manufacturers cut the most jobs in two years and the number of people in the work force dropped to its lowest level in 31 years. The government also said 41,000 fewer jobs were created in July and June than first estimated.

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Here's what The Associated Press' reporters are finding:

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NOT SO FAST

Will the Federal Reserve go big next week?

Some economists expect a new bond-buying program to be announced.

Others aren't so sure. Most do think the Fed will unveil something, after Chairman Ben Bernanke said last week that the Fed will do more to help the economy.

But they don't see a bold move. Not yet, anyway.

Sal Guatieri of BMO Capital Markets thinks the most likely Fed step will be to extend its timetable for keeping short-term rates at record lows. Currently, the Fed plans to keep rates there until at least late 2014. Guatieri said he thinks that target will be extended to mid-2015.

But by late December or early next year, Guatieri says the Fed could begin more bond buying, perhaps focused on lowering mortgage rates.

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— Martin Crutsinger, AP Economics Writer

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GOVERNMENTS HURTING, NOT HELPING

In normal recoveries, government hiring helps economies recover from recessions.

Not this time.

When you count the 7,000 public-sector jobs lost in August, governments at all levels — federal, state and local — have slashed 670,000 jobs since the recession ended in June 2009. By contrast, private companies have added 3.5 million jobs.

It's the first time since World War II that governments have shed jobs this deep into an economic recovery. At this point — three years and two months — into the nine previous postwar recoveries, government jobs had risen an average 8 percent.

This time, they're down 3 percent.

— Paul Wiseman, AP Economics Writer

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OBAMA'S BREAK-EVEN MILESTONE

Here's a milestone that's difficult for President Barack Obama to brag about: There are 133.3 million Americans working — 261,000 short of the number when he was inaugurated in January 2009.

At this year's pace of job creation, payrolls would return to that level in October. And the job totals would be released Nov. 2 — four days before the election.

Of course, any comparison of now vs. then must take into account the huge numbers of jobs lost — and then gained — in between.

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BIG HOLE TO FILL

The U.S. job market still has miles to go just to get back to where it was before the Great Recession.

The economy lost nearly 8.8 million jobs from the time employment peaked in January 2008 until it bottomed in February 2010.

Including the 96,000 jobs added in August, the United States has regained fewer than 4.1 million jobs, or 46 percent, of those lost jobs. Which helps explain why this

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is by far the feeblest recovery since World War II.

— Paul Wiseman, AP Economics Writer

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