U.S. Economy Adds 96K Jobs, Rate Falls To 8.1 Percent

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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 who are out of work are counted as unemployed only if they're looking for a job, and according to CNN Money, 368,000 people stopped looking for work in August (http://money.cnn.com/2012/09/07/news/economy/august-jobs-report/ [1]).

The government also said Friday that 41,000 fewer jobs were created in July and June than first estimated. The economy has added just 139,000 jobs a month since the start of the year, below 2011's average of 153,000.

Dow Jones industrial futures, which had been up before the report, fell soon after it was released but then bounced back. And the yield on the benchmark 10-year Treasury note tumbled to 1.63 percent, from 1.73 percent. That suggested that investors still see a slow economy, resulting in more demand for low-risk investments like U.S. Treasurys.

Jim O'Sullivan, chief U.S. economist at High Frequency Economics, noted that hiring has improved slightly in the past two months. Job gains averaged 119,000 in July and August, up from an average monthly gain of 67,000 in the April-June quarter.

"There's no sign of momentum fading," he said. "That said, it's not much better. ... What you're left with is an economy that's still growing, but pretty modestly."

Friday's report provided fodder for both presidential candidates. Republican nominee Mitt Romney has pointed to 43 straight months in which unemployment has exceeded 8 percent.

At the same time, the report marks the 30th straight month of private-sector job gains, a point Obama and his allies are certain to spotlight.

The report was discouraging throughout. Hourly pay fell, 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.

Sluggish hiring could nudge the Federal Reserve to announce some new action to boost growth after it holds a policy meeting next week.

The report on hiring and unemployment is among the most politically consequential of the campaign. The figures arrive just as the presidential race enters the final two months before Election Day. Jobs are the core issue, and the report could sway some undecided voters.

There will be two additional employment reports before the election. But by then, more Americans will have made up their minds.

In his speech Thursday night, Obama acknowledged incomplete progress in repairing the still-struggling economy and asked voters to remain patient.

"The truth is, it will take more than a few years for us to solve challenges that have built up over the decades," Obama said.

In addition to those who've given up looking for work, many young Americans are avoiding the job market by remaining in school. All told, the proportion of the population that is either working or looking for work fell to 63.5 percent. That's the lowest level in 31 years for the labor force participation rate.

Average hourly wages dipped a penny to $23.52 and are only slightly ahead of inflation in the past year.

The average work week was unchanged in August after being revised downward in July to 34.4 hours. And the number of temporary jobs fell for the first time in five months. Both figures suggest that companies are seeing less demand for their services and need fewer workers.

Many of the jobs were in lower-paying industries such as retail, which added 6,100 jobs, and hotels, restaurants and other leisure industries, which gained 34,000. Higher-paying manufacturing jobs fell by 15,000, the most in two years.

The weak pace of hiring is the latest sign that businesses are reluctant to make big investments or add more workers. Europe's financial crisis has pushed the region's economy to the edge of recession. And a set of tax hikes and spending cuts scheduled to take effect at the beginning of the year have created uncertainty about future growth.

No president since Franklin D. Roosevelt during the Great Depression has been re-elected with a jobless rate over 8 percent. This year's election will likely turn on whether voters see the economy as improving or remaining stagnant or getting worse under Obama.

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