Hiring Holds Steady Despite Sandy, Fiscal Cliff

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) — U.S. hiring gains held steady in November despite disruptions from Superstorm Sandy and employers' concerns about impending tax increases from the year-end "fiscal cliff."

Companies added 146,000 jobs, and the unemployment rate fell to 7.7 percent — the lowest in nearly four years — from 7.9 percent in October. The rate declined mainly because more people stopped looking for work and weren't counted as unemployed.

The government said Superstorm Sandy had only a minimal effect on the figures.

The Labor Department's report Friday was a mixed one. But on balance, it suggested that the job market is gradually improving.

November's job gains were roughly the same as the average monthly increase this year of about 150,000. Most economists are encouraged by the job growth because it's occurred even as companies have reduced investment in heavy machinery and other equipment.

"The good news is not that the labor market is improving rapidly — it isn't — but that employment growth is holding up despite all the fears over the fiscal cliff," said Nigel Gault, an economist at IHS Global Insight.

Still, Friday's report included some discouraging signs. Employers added 49,000 fewer jobs in October and September combined than the government had initially estimated.

And economists noted that the unemployment rate would have risen if more people hadn't stopped looking for work. Once people without jobs stop looking for one, they're no longer counted as unemployed.

Many analysts thought Sandy would hold back job growth significantly in November because the storm forced restaurants, retailers and other businesses to close in late October and early November.

It didn't. The government noted that as long as employees worked at least one day during a pay period — two weeks for most people — its survey would have counted them as employed.

Yet there were signs that the storm disrupted economic activity in November. Construction employment dropped 20,000. And weather prevented 369,000 people from getting to work — the most for any month in nearly two years. These workers were still counted as employed.

All told, 12 million people were unemployed in November, about 230,000 fewer than the previous month. That's still many more than the 7.6 million who were out of work when the recession officially began in December 2007.

Investors appeared pleased with the report, though the market gave up some early gains. The Dow Jones industrial average was up 31 points in mid-day trading.

The number of Americans who were working part time in November but wanted full-time work declined. And a measure of discouraged workers — those who wanted a job but hadn't searched for one in the past month — rose slightly.

Those two groups, plus the 12 million unemployed, make up a broader measure that the government calls "underemployment." The underemployment rate fell to 14.4 percent in November from 14.6 percent in October. It's the lowest such rate since January 2009.

Since July, the economy has added an average of 158,000 jobs a month. That's a modest pickup from an average of 146,000 in the first six months of the year.

In November, retailers added 53,000 positions. Temporary-help companies added 18,000. Education and health care also gained 18,000.

Auto manufacturers added nearly 10,000 jobs. Still, overall manufacturing jobs fell 7,000. That was pushed down by a loss of 12,000 jobs in food manufacturing that likely reflects the layoff of workers at Hostess.

Paul Ashworth, an economist at Capital Economics, noted that hiring by private companies was actually better in October than the government first thought. The overall job figures were revised down for October because governments themselves cut about 38,000 more jobs than was first estimated.

The U.S. economy grew at a solid 2.7 percent annual rate in the July-September quarter. But many economists say growth is slowing to a 1.5 percent rate in the October-December quarter, largely because of the storm and threat of the fiscal cliff.

The storm held back consumer spending and income, which drive economic growth. Consumer spending declined in October, the government said. And work interruptions caused by Sandy reduced wages and salaries that month by about $18 billion at an annual rate.

Still, many say economic growth could accelerate next year if the fiscal cliff is avoided. The economy is also expected to get a boost from efforts to rebuild in the Northeast after the storm.

Source URL (retrieved on *09/01/2014 - 11:21am*):

http://www.impomag.com/news/2012/12/hiring-holds-steady-despite-sandy-fiscal-cliff?qt-digital_editions=0&qt-recent_content=0&qt-most_popular=0