

## **US Added Unexpectedly Strong 204,000 Jobs In Oct.**

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# **US Added Unexpectedly Strong 204,000 Jobs In Oct.**

Christopher Rugaber, AP Economics Writer

WASHINGTON (AP) — A burst of hiring in October added a surprisingly strong 204,000 jobs to the economy in a month when the government was partly shut down for 16 days. And employers added far more jobs in August and September than previously thought.

The unemployment rate rose to 7.3 percent from 7.2 percent in September, the Labor Department said Friday. But that was likely because furloughed federal workers were temporarily counted as unemployed.

The surge in jobs shows the economy was stronger in October than many economists had expected. Activity at service companies and factories also accelerated last month, an earlier report showed. The figures signal that many U.S. companies shrugged off the shutdown.

"It's amazing how resilient the economy has been in the face of numerous shocks," said Joe LaVorgna, chief U.S. economist at Deutsche Bank.

Growth could remain healthy in coming months and perhaps pick up next year, economists say. Growing demand for homes should support construction. And auto sales will likely stay strong because many Americans are buying cars after putting off big purchases since the recession struck nearly six years ago.

Job growth is a major factor for the Federal Reserve in deciding when to reduce its economic stimulus. The Fed has been buying bonds each month to keep long-term interest rates low to encourage borrowing and spending.

Stocks rose in late-morning trading as investors assessed the stronger-than-expected job growth. But the yield on the 10-year Treasury note surged to 2.74 percent from 2.60 percent late Thursday. That showed that some investors worry that the healthier job growth might prompt the Fed to pull back on its bond buying soon.

Economists differed about the consequences for the Fed. Some said last month's solid hiring probably isn't sufficient for the Fed to slow its \$85-billion-a-month bond-buying program when it meets Dec. 17-18.

"The one month of job growth is not enough to allow them to pull the trigger," says Patrick O'Keefe, director of economic research at CohnReznick. "It leaves them on hold at least for the next meeting."

Others said the job growth might prod the Fed to start slowing its stimulus by year's

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end.

"In our opinion, the data would justify the Fed reducing the pace of its asset purchases in December," Paul Ashworth, chief U.S. economist at Capital Economics, wrote in a research note.

The government's report showed that employers added an average of 202,000 jobs from August through October — up sharply from an average of 146,000 from May through July. And they added 45,000 more jobs in August and 15,000 more in September than the government had previously estimated.

Private businesses added 212,000 jobs last month. That was the most since February. By contrast, federal government jobs fell by 12,000.

"While we have to take today's report with a grain of salt, we are impressed by the strength of the report," said Dan Greenhaus, chief global strategist at BTIG, a brokerage firm. "Given the impact of the shutdown, we have to wait until November's report to get a fuller picture of what's happening this fall but we're happy enough in the meantime."

Some consumers may spend more as the effect of tax increases that took effect at the start of the year diminishes. In addition, banks are returning to health and may soon lend more freely. Even Europe is slowly recovering, and growth in Japan has picked up, which could boost U.S. exports.

Some companies expect a healthy holiday shopping season and are staffing up accordingly. UPS is filling 55,000 temporary jobs for the holidays. UPS says it expects to pick up 34 million packages on Dec. 16, which it thinks will be the season's highest-volume day.

One troubling detail in the report: The percentage of Americans working or looking for work fell to a fresh 35-year low. But that figure was likely distorted by the shutdown.

About 800,000 government workers were furloughed for all or part of the shutdown, which lasted from Oct. 1 through Oct. 16. Many were counted as unemployed and were considered on temporary layoff.

But the furloughed workers were still counted as employed by the government survey that calculates job growth because they were ultimately paid for their time off. Better-paying industries boosted job gains: Manufacturers added 19,000, the most since February. And construction firms gained 11,000 jobs.

Hiring also jumped in lower-paying fields. Retailers added 44,400 employees. Hotels, restaurants and entertainment firms added 53,000 jobs.

Some earlier reports had hinted that hiring was improving. Retail stores, shipping companies, and other services firms stepped up hiring in October, according to a private survey of service firms.

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And the number of people seeking unemployment benefits has fallen back to pre-recession levels after four weeks of declines. Applications for unemployment benefits are a proxy for layoffs. Their steady decline indicates that companies are cutting fewer jobs.

Economic growth accelerated in the July-September quarter to an annual rate of 2.8 percent, the government said Thursday. That was up from a 2.5 percent annual rate in the April-June quarter.

But greater restocking by businesses drove much of the increase last quarter, a trend that may not be sustainable. Consumers and businesses slowed their pace of spending over the summer.

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