

JOB DATA FROM FACTORIES OFFER HOPE TO THE ECONOMY



Activities from factories in the Mid-Atlantic region came back in October and the number of people claiming new jobless allowances declined last week in giving signs that the economy is likely to not fall into a recession again. Optimism over the economy cooled off, however, by additional data given on Thursday that showed a drop in sales of homes and only a minute rise in a forecast of future growth. Initial claims for unemployment compensation dropped 6,000 to 403,000 last week, the Labor Department reported. A monthlong average, which smoothes out weekly volatility to provide a more accurate view of trends, hit its smallest point since April. Separately, the Philadelphia Federal Reserve Bank's company activity index came back to 8.7 in October, the greatest reading in six months, from minus 17.5 in September. A reading higher than zero shows factory activity is growing within the region, which includes eastern Pennsylvania, southern New Jersey and Delaware. United States stocks rose on the report, but let go of most gains on persistent doubts over whether European leadership would finally resolve with the euro zone debt crisis at its summit this weekend. Prices for United States Treasury debt changed little while the dollar was slightly weaker against a variety of currencies. Fears had been growing that the wounded United States economy was moving back toward recession after growth stumbled during the first half of the year and after consumer confidence fell dramatically during August amid signs both the United States and Europe were facing trouble resolving their huge debts. But the current flow of data, including reports on retail sales and trade, show output went quicker in the third quarter. Analysts estimate United States GDP grew at an annual pace between 2.3 and 2.7 percent, a great step up from the second quarter's lukewarm 1.3% rate. That prospect was also not appealing to the monthlong moving average of initial unemployment claims. The claims data covered the report week for closely watched payrolls count during October. Initial claims dropped 25,000 between the September and October report times, which suggested a rise in nonfarm employment after payrolls rose 103,000 in September. After jumping in mid-September, unemployment claims seem to have settled near the 400,000 number that is normally associated with a bit of improvement in the jobs market. Weak unemployment is a difficult issue for the Federal Reserve, which is looking at further avenues to raise output and decrease the unemployment rate after destroying interest rates to near zero and investing about \$2.3 trillion into the economy. On Thursday, St. Louis Fed President James Bullard acknowledged the better tone in economic data but his opposite at the Cleveland Fed, Sandra Pianalto, did not agree that growth would happen soon. While several areas of the United States economy are going along, the housing market continues to reveal no signs of life, however. Sales of existing homes plummeted 3.0% to an annual rate of 4.91 million houses during September, the National Association of Realtors said.

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