

OCTOBER BRINGS U.S PAYROLLS RISE, JOBLESS RATES NOW 9%

In October, the U.S jobless rate fell unexpectedly while employers added fewer workers than forecast. This illustrates the "frustratingly slow" progress that was cited by Federal Reserve Chairman Ben. S. Bernanke this week. Even as the labor force grew, the unemployment rate fell to a six-month low 9 percent from 9.1 percent. The Labor Department figures showed today in Washington that the 80,000 increase in payrolls followed gains in the prior two months that were revised up by 102,000. "We're making progress at a very slow pace," said John Silvia, who is the chief economist at Wells Fargo Securities LLC in Charlotte, North Carolina, whose forecast for a gain of 85,000 jobs was among those that came the closest to the actual result. "It indicates continued consumer spending, getting a little better over time." In the face of risks such as the European debt crisis and political wrangling on reducing the U.S. budget deficit, the report shows that the world's largest economy is still maintaining its expansion. One reason why they are considering further steps to boost the economy is because Fed policy makers are forecasting a "moderate" growth that will not push unemployment below 8 percent until, at the earliest, 2013. As concern about Europe shined in the decline of the jobless rate, the stocks fell. At 11:30 a.m in New York, the Standard & Poor's 500 Index dropped 1.4 percent to 1,243.05. Late yesterday, the yield on the benchmark 10-year Treasury noted a decline from 2.07 percent to 2.04. According to the median of 87 forecast in a Bloomberg News survey of economists, the unemployment rate was forecast to hold at 9.1 percent. Yet the payrolls were forecast to rise by, at least, 95,000. According to Chris Rupkey, who is the chief financial economist at the Bank of Tokyo-Mitsubishi UFJ Ltd. in New York, the sustained payroll increases of around 150,000 a month are needed to bring unemployment down about half a percentage point over a year. Rupkey said that even so, "this labor market recovery is for real despite the economy having everything but the kitchen sink thrown its way." To help cushion against the declines in home prices and allowing households to sustain their spending, faster hiring would spur bigger gains in incomes and bolster confidence. The Commerce Department reported last week that household purchasing grew at a 2.4 percent annual rate in the third quarter and the economy expanded at a 2.5 percent pace. While companies such as Whirlpool Corp (WHR) plan to cur workers, retailers like Macy's Inc. (M) are adding more and more staff. This is evidence of an uneven economic recovery. "We are taking necessary actions to address a much more challenging global economic environment," states Chief Executive Officer Jeff Fettig in a



statement on Oct. 28.

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