

U.S. UNEMPLOYMENT RATES FELL AS THE ECONOMY ADDS 200,000 JOBS



A big boom of hiring in December pushed the unemployment rate to its lowest level in almost three years, giving the economy a well-needed boost at the end of 2011. On Friday, the Labor Department said that the employers added a net of 200,000 jobs last month and the unemployment rate fell to 8.5 percent, which is the lowest since February of 2009. The rate has now dropped for four straight months. The hiring gains cap a six-month stretch in which the economy made 100,000 jobs or more in each of the months. This actually has not happened since April of 2006. "There is no question that today's employment report is a positive and there is also no question that the pace of job growth has accelerated of late," says Dan Greenhaus, who is an analyst at BTIG LLC, which is a brokerage firm. A better job market is a very good sign for President Barack Obama, who is bound to face the voters with the highest unemployment rate of any president since World War II. Unemployment was at 7.8 percent when Obama took office back in January of 2009. Still, the level may matter less to his re-election chances if the rate is continually falling. History suggests that presidents' re-election prospects hinge less on the unemployment rate itself, but rather on the rate's direction during the year or two before Election Day. For all of 2011, the economy had added 1.6 million jobs, better than the 940,000 that were added back in 2010. The unemployment rate averaged 8.9 percent in the last year, which is down from 9.6 percent in the previous year. Economists had forecasted that the job gains would top 2.1 million during this year. The report from December painted a picture of a broadly improving job market. The average hourly pay rose, providing the consumers with more income to spend. The average work week was longer, which is a sign that business is picking up and the companies may soon need more and more workers. Hiring was strong across all of the major industries. Manufacturing added 23,000 jobs, as too did the health care industry. Transportation and warehousing added 50,000 more jobs. Retailers have added 28,000 jobs. Even the beleaguered construction industry added over 17,000 workers. More jobs and a higher pay rate are crucial to helping the economy grow. They can enable the shoppers to increase their spending, which fuels 70 percent of economic activity. The economy likely grew at an annual rate of almost 3 percent, which is a pretty healthy rate. But still, the job market has a long way to go to try and recover from the Great Recession. The nation has 6 million less jobs than in December of 2007, when the recession first started.

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