

SLOW HIRING SHOWS ECONOMY STILL FAR AWAY FROM RECOVERY



The number of Americans who filed applications for unemployment benefits last week, exceeded predicted numbers, signalling that the labor market's upward climb is slow and that it will hold back household spending. Figures released by the Labor Department in Washington show that the jobless claims fell to 388,000 from a revised 389,000 the previous week, which was the highest since early January. Yelena Shulyatyeva, a US economist at BNP Paribas in New York said, "There has been some slowdown in the labor market. That makes consumers feel less confident and makes them more cautious about their spending. We could see some weakness in April payrolls." Yelena who had correctly predicted the level of jobless claims cautioned saying, "We believe that March is probably not the end of the modest readings on payrolls." Federal Reserve policy makers said that the fact that the unemployment rate remains elevated is why they were rigid about their plans to hold borrowing costs close to zero through 2014. "It's just so hard for companies to be confident and start hiring," said Yelena. The number of people continuing to receive jobless benefits rose to 3.32 million in the week ended April 14 from 3.31 million. Even though employers added an estimated 120,000 jobs in March, it was less than half of what they had added in the preceding month and the lowest in the last five months. According to payrolls figures, the jobless rate fell to 8.2 percent from 8.3 percent the earlier month. Joseph Brusuelas, a senior economist at Bloomberg said, "It is going to be difficult to generate large improvements in sentiment unless the economy begins to pick up. Jobs are growing, but not fast enough. There's a risk the pace of consumption will slow this quarter." The Federal Open Market Committee said in a statement yesterday, "Labor market conditions have improved in recent months; the unemployment rate has declined but remains elevated. The committee expects economic growth to remain moderate over coming quarters and then to pick up gradually. Consequently, the committee anticipates that the unemployment rate will decline gradually toward levels that it judges to be consistent with its dual mandate." The slower job growth will undermine consumer confidence and dampen their spirits. The Bloomberg comfort data revealed that the buying climate index decreased from its rating of minus 36.8 last week to minus 41.5. The comfort yardstick for men fell from its four year high and for the teens, it fell to its lowest levels this year. Jobs and the economy are topics that both President Obama and Romney touch upon and it's a common refrain for both that once they are elected they will rectify the situation. Romney vowed he would use his business experience to "lead us out of the stagnant Obama economy and into job-creating recovery." Obama's senior strategist, David Axelrod said, Romney's "business career was not about job creation; rather it was about wealth creation for himself and his partners."

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