



Unemployment rate dips amid sluggish jobs growth

By Dan Burrows, November 4, 2011

New jobs growth slowed sharply in October but the unemployment rate did decline slightly as more people found work, the Labor Department said Thursday.

The economy added 80,000 jobs in October, the slowest pace of hiring in four months, while the unemployment rate ticked down to 9 percent from 9.1 percent. Economists, on average, expected the economy to add 85,000 non-farm jobs in October. The unemployment rate was forecast to remain unchanged at 9.1 percent.

Businesses added 104,000 new jobs last month, well below economists' average forecast for 117,000 non-farm private sector jobs. Meanwhile, government payrolls fell by 24,000 in October.

There were some bright spots in the employment report. Jobs growth over the previous two months was much stronger than first thought. Hiring in September was revised up to 158,000 from 103,000, while August was revised to 104,000 from 57,000.

"This is a moderately good report, especially if you consider what we've been going through over the last three years or so," said Brian Hamilton, CEO of Sageworks, which provides financial analysis of privately held companies.

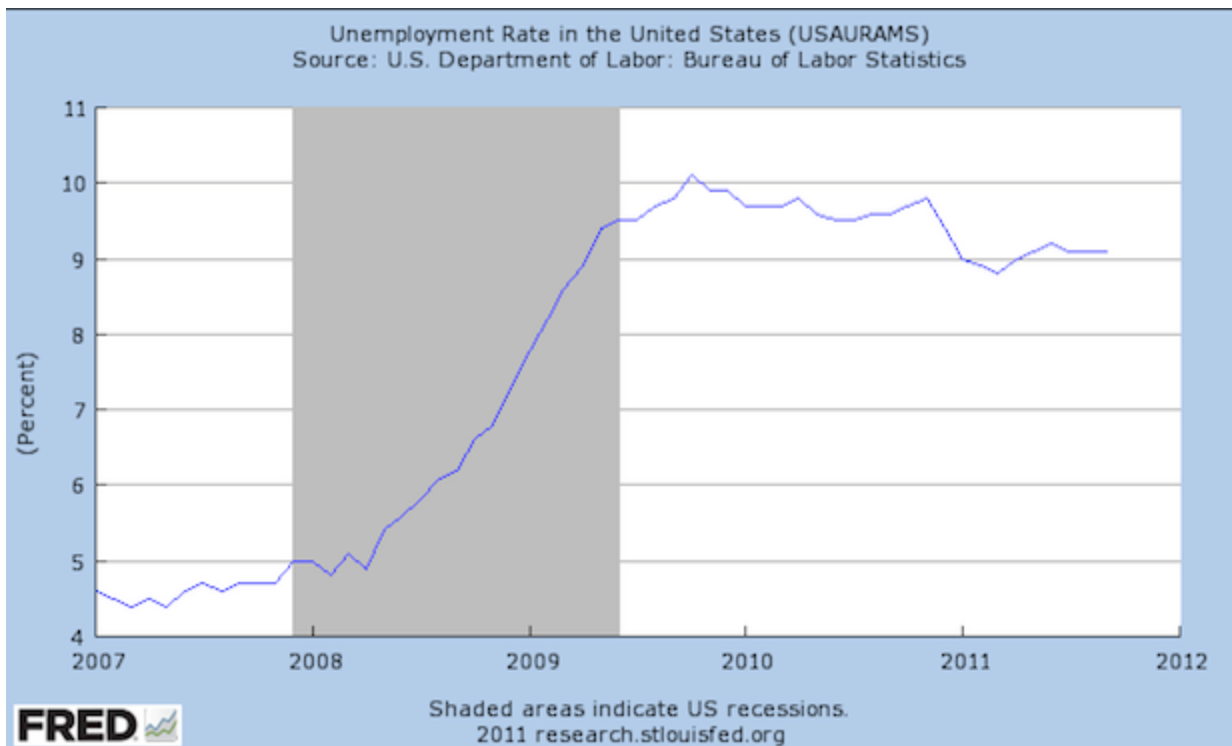
"The report syncs up with the fact that privately held companies have been growing revenue and profit pretty well over the last year, so this could be the beginning of something positive," Hamilton said.

In other reasonably good news, average hourly earnings rose and the unemployment rate fell for the first time since July, as a separate survey of households showed more people found work.

The outlook for jobs creation remains tepid, however, and is projected to remain a drag on the economy. The Federal Reserve cut its forecast for economic growth Wednesday and expects unemployment as high as 8.5 percent until 2013.

The economy needs to add more than 200,000 new jobs every month just to keep up with population growth. And even as the private sector adds jobs, state and local government has been shedding workers. More than half-a-million government jobs have been eliminated in the last two years.

The unemployment rate last fell below 9 percent in March, when it hit 8.8 percent. In February it was 8.9 percent. Except for those two months, the unemployment rate has been stuck above 9 percent since May 2009. See the chart below:



Hourly earnings rose 0.2 percent in October, while the average workweek was unchanged at 34.3 hours. Both those figures matched economists' estimates.

The broadest measure of unemployment, which includes the unemployed, part-time workers in search of full-time work and so-called discouraged workers who have given up actively looking for jobs, fell to 16.2 percent from 16.5 percent in September, the Labor Department said.

The Associated Press contributed to this report.

For the full story featuring Sageworks' CEO Brian Hamilton, please visit [CBS News - Unemployment rate dips amid sluggish jobs growth.](#)