

The Miami Herald

Employers add 103,000 jobs, easing fears of new recession

By Kevin G. Hall, October 7, 2011

WASHINGTON — Better-than-expected employment numbers Friday eased recession fears, but experts warned that the economy remains vulnerable because employers are adding new jobs at an insufficient pace to make a dent in the high unemployment rate.

Employers added 103,000 jobs in September, the Labor Department said. It also revised sharply upward the tepid hiring numbers for July and August by a combined 99,000 jobs. The unemployment rate stayed unchanged at 9.1 percent.

Most analysts had expected between 25,000 and 70,000 jobs to be added in September. Private sector jobs grew by 137,000, but that was offset by a decline of 35,000 government jobs.

"The job numbers remain disappointing in that unemployment is very high, and given the current pace of job growth, will not come down anytime soon," said Mark Zandi, chief economist for forecaster Moody's Analytics. "The economy needs to create at least 125,000 jobs per month on a consistent basis just to maintain the unemployment rate."

To really knock down the jobless rate, the economy needs to create as many as 200,000 jobs per month, something it last did on average from February to April this year.

Zandi said that the risk of recession remains high. "If anything else goes wrong — and there are many potential threats from Europe to the foreclosure crisis — businesses will start cutting payrolls and the economy will slide into recession," he said.

Still, the 137,000 private sector jobs went well beyond the 91,000 measured in the ADP National Employment Report that came out Wednesday and was an encouraging number given other recent good news.

Brian Hamilton, CEO of Sageworks, a financial research group that keeps data on companies that don't issue stock, said that privately held companies are seeing a 5 percent to 6 percent increase in sales this year, something that may eventually translate into hiring.

"They have learned to run more efficiently," he said. "Hopefully, as sales increase, they will get more comfortable and start hiring."

There were other good signs in the latest jobs report. Personal income continued to rise, with average hourly earnings jumping 4 cents, or 0.2 percent, during the month. For the year, hourly earnings have risen by almost 2 percent.

Temporary hiring increased by almost 20,000 jobs in September, and that's usually a springboard for future full-time jobs as employers test the waters. There were also 48,000 new hires in the broad category of professional and business services, which are better paying white-collar jobs.

"The economy appears to have taken a step back from recession," Zandi said.

That prospect had been a major focus of concern after the initial August jobs report showed no net new hiring. That number was revised upward on Friday by 57,000 jobs. July's numbers also were revised upward by 42,000 jobs.

The jobs numbers followed improving data released Thursday by big retailers, who reported a 5.5 percent jump in revenues in September. Retailers added almost 14,000 jobs in September, the Labor Department said.

Still, "the persistently high unemployment rate is expected to hinder consumer demand and impact confidence," Matthew Shay, head of the National Retail Federation, said in a note on the jobs report. He added, however, that "retailers will ramp up hiring over the next several weeks as they prepare for increased sales and traffic in their stores this holiday season." The group anticipates that retailers will add 480,000 to 500,000 seasonal positions over the next several months.

Manufacturers, who had been adding jobs for much of the year, trimmed payrolls by 13,600 in September. Chad Moutray, chief economist for the National Association of Manufacturers, in his blog, shopfloor.org, attributed the decline to "sluggish economic growth, worries about the global marketplace and sagging consumer and business confidence."

The financial sector shed another 8,000 jobs and local government cutbacks were largely responsible for the 35,000-job decline in public sector employment.

Alternative measures of employment — often referred to as underemployment — continued to point to labor-market distress. The number of people employed in part-time work for economic reasons — meaning they want full-time work but can't find it — rose to 9.3 million in September. The number of workers marginally attached to the workforce — who would look if employment prospects picked up — was 2.5 million, the same number as a year earlier.

And the number of Americans out of work for six months or longer crept up to 6.2 million. They accounted for 44.6 percent of the jobless in September.

Democrats and Republicans each used Friday's report to try to score political points.

"The American people are asking the question: 'Where are the jobs?' The Democrats running Washington need to stop campaigning, start listening, and start working with Republicans to liberate our struggling economy and remove government barriers to private-sector job growth," House Speaker John Boehner, R-Ohio, said in a statement just five minutes after release of the jobs report.

The White House painted a rosier picture.

"Despite a slowdown in economic growth from substantial headwinds experienced throughout the year, the economy has added private sector jobs for 19 straight months, for a total of 2.6 million jobs over that period," Katherine Abraham, a member of the president's Council of Economic Advisers, said in a statement.

Key September job numbers

Retail, up 13,600.

Professional and business services, up 48,000.

Leisure and hospitality, down 4,000.

Health care, up 43,800.

Manufacturing, down 13,000.

Construction, up 26,000.

Transportation and warehousing, down 1,900.

Financial services, down 8,000.

Temporary help services, up 19,400.

Government jobs, down 35,000.

For the full story featuring Sageworks' CEO Brian Hamilton, please visit [The Miami Herald - Employers add 103,000 jobs, easing fears of new recession.](#)