


U.S. job market improves, giving economy lift

By CHRISTOPHER S. RUGABER  1
Published: December 30, 2011

WASHINGTON — The long-suffering job market is ending the year better off than it began.

The number of people applying for unemployment benefits each week has dropped by 10 percent since January. The unemployment rate, 8.6 percent in November, is at its lowest level in nearly three years.

Factory output is rising; business owners say they're more optimistic about hiring; and consumer confidence has jumped to its highest level since April. Even the beleaguered housing market is looking slightly better.

“We are ending the year on an up note,” says Joel Naroff, president of Naroff Economic Advisors.

Still, 25 million Americans remain out of work or unable to find full-time jobs. Most analysts forecast a stronger economy and job growth in 2012 — and rule out a second recession — but they caution that could change if Europe's debt crisis worsens or consumers pull back on spending.

Thursday, the Labor Department said the number of people applying for unemployment benefits last week rose 15,000 to 381,000. But the four-week average, a less volatile measure, dropped to 375,000 — the lowest level since June 2008.

When applications for unemployment benefits consistently fall below 375,000, economists consider it a reasonable sign that hiring is rising enough to push the unemployment rate lower. The four-week average has remained below 400,000 for seven weeks, the longest stretch since April.

Housing signs positive

A mildly positive report on housing also came out Thursday. The National Association of Realtors said the number of people who signed contracts to buy homes rose in November to its highest level in a year and a half.

The association sought to temper enthusiasm by noting that the number of canceled contracts is also on the rise. But financial markets seized on the good news in both reports.

The Dow Jones industrial average rose more than 135 points.

“The recovery in the labor market is maintaining its momentum,” says Michael Gapen, an economist at Barclays Capital.

That's noteworthy for an economy faced with a debt crisis in Europe and, as recently as last summer, scattered predictions of a second recession at home.

There was plenty of reason for gloom. A political standoff over the federal borrowing limit brought the United States to the brink of default and cost the nation its top-drawer credit rating.

Most analysts now say another recession is unlikely.

The economy likely grew at an annual rate of 3 percent or more in the final three months of this year, analysts say.

That would top the 1.8 percent growth rate in the July-September quarter, and the 0.9 percent growth rate in the first half of the year.

Employers have added an average of 143,000 net jobs a month from September through November. Next year should be even better for hiring. The Associated Press surveyed 36 economists this month who said they expect the economy to generate an average of about 175,000 jobs per month in 2012.



Show / Hide Comments

Ads by Yahoo!