## **CPA**

## Practice **Advisor**

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rate three-tenths of a percentage point to 7 percent, the lowest it's been since November 2008, the Labor Department said Friday.

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Dec. 09– WASHINGTON — Employers added a solid 203,000 jobs in November, driving down the unemployment rate three-tenths of a percentage point to 7 percent, the lowest it's been since November 2008, the Labor Department said Friday.

The healthy jobs report came a day after the Commerce Department revised upward the growth estimates for July through September, determining the economy grew at a surprisingly strong annual pace of 3.6 percent. Also Friday, the University of Michigan's consumer sentiment index rose sharply, suggesting shoppers may be ready to loosen holiday purse strings.

"This is an unambiguously strong jobs report. Businesses are getting their groove back and stepping up their hiring. Most encouraging is that the job gains are across most industries," said Mark Zandi, chief economist for forecaster Moody's Analytics. "It is still premature to conclude the job market is off and running."

November job gains were broad, across most sectors of the economy and included a slight upward revision to prior months' jobs numbers than put October hiring at 200,000. Professional and business services grew by 35,000 jobs in November. Manufacturing, which had seen sluggish hiring over much of the year, saw 27,000 new jobs last month.

Mainstream economists had expected about 185,000 new hires and only a slight dip in the jobless rate. The strong numbers and other data could cause the Federal Reserve to take its foot off of the accelerator when it meets on Dec. 17-18 to consider tapering off on its \$85 billion a month in bond purchases to stimulate the economy.

The spate of recent positive data suggests the economic recovery is still gathering

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The White House praised the Friday report.

"With solid job growth in November, in addition to strong data on manufacturing activity and auto sales, it is clear that the recovery continues to gain traction," Jason Furman, head of the Council of Economic Advisers, said a statement.

Republicans, who are resisting the administration's efforts to extend unemployment benefits for the long-term unemployed, used the report to argue the strengthening economy does not need further government support.

"Today's report includes positive signs that should discourage calls for more emergency government 'stimulus,' "House Speaker John Boehner, R-Ohio, said in a statement. "Instead, what our economy needs is more pro-growth solutions that get government out of the way."

Deeper in the report, however, there was ammunition for supporters of another extension of jobless benefits for the long-term unemployed.

"The share of unemployed workers who have been out of work for more than six months increased in November from 36.1 percent to 37.3 percent. Today, the long-term unemployment rate is more than double the average rate in 2007," Elise Gould, an economist with the center-left Economic Policy Institute, wrote in an analysis of the jobs report.

Arguably the most unexpected part of Friday's report was the sharp drop in the unemployment rate.

"Biggest surprise in my view: Big drop in the U.S. unemployment rate to 7.0 percent was far larger than expected," said Scott Anderson, chief economist for San

Francisco-based Bank of the West, adding, "This is a solid payroll report any way

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sector had powered recovery in late 2011 and early 2012 but then went slack.

"The strong manufacturing jobs numbers for November \_ which were the strongest since March 2012 \_ were consistent with the recent pickup in new orders and production for the sector," Chad Moutray, chief economist for the National Association of Manufacturers. "This is definitely an encouraging sign, particularly given the hesitance of many business leaders of late to add new workers given uncertainties in the market. In fact, with these job gains, manufacturing employment has pierced the 12 million mark since April 2009."

The construction sector also posted surprisingly robust numbers for November, adding 17,000 jobs as cold winter months approached. The sector has struggled to recover as housing has bumped along and lagged the broader recovery.

Friday's jobs numbers are also consistent with the improvements in the first-time claims filed for unemployment benefits. The government reported Thursday that this number fell below a key threshold to 298,000. The four-week average of first-time claims, the preferred way economists look at this numbers, is about 322,000 and represents a level that points to an economy gaining steam.

Even the signs of underemployment and stress in the labor market improved a bit last month. Across the board, the Labor Department's alternative measures of employment got better and are substantially better than a year\_ albeit still showing signs of stress compared to historical levels.

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