

Jobs data force delicate balancing act for Obama

CHRISTOPHER S. RUGABER - AP Economics Writer - Associated Press

A third straight month of weak hiring shows the U.S. economy is still struggling three years after the recession officially ended.

U.S. employers added just 80,000 jobs in June, and the unemployment rate was unchanged at 8.2 percent, the Labor Department said Friday.

For the April-June quarter, the economy added an average of 75,000 jobs a month — one-third the pace in the first quarter.

And for the first six months of 2012, employers added an average of 150,000 jobs a month. That's fewer than the 161,000 average for the first half of 2011.

Slow job growth has led consumers to pull back on spending. Many analysts think the economy is growing at a sluggish annual rate of less than 2 percent.

Job creation is the fuel for economic growth. When more people have jobs, more consumers have money to spend — and consumer spending drives about 70 percent of the economy.

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Here's what The Associated Press' reporters are finding:

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OBAMA TREADS CAREFULLY.

Four months before voters pass judgment on his leadership of the economy, President Barack Obama attempted a rhetorical balancing act Friday.

June's slight job growth is a "step in the right direction," Obama said on a bus tour through Ohio and Pennsylvania,

Yet he also acknowledged that the economy must grow faster.

"It's still tough out there," the president conceded.

He said voters must help him break a stalemate in Congress that he says is preventing his administration from boosting hiring.

For Obama's Republican presidential rival, Mitt Romney, the jobs report could provide a point of attack in the dwindling time before Election Day.

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And Romney seized on it.

Campaigning in New Hampshire, he called the unemployment rate "unacceptably high" and said Obama must take responsibility for failed policies.

— Ben Feller, AP White House Correspondent

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THE ANNUAL SLUMP

The June jobs report confirmed evidence of an unhappy long-term trend: Hiring is slumping for a third straight year.

In each of the past three years, hopes for a job-market recovery were lifted by robust gains early in the year. But in each case, those hopes fizzled as hiring slowed by spring or summer.

The 80,000 jobs added last month marked a third straight month of weak hiring — an average of 75,000 jobs for the second quarter of 2012. That's far too few to lower the unemployment rate.

The 2011 job slump lasted from May through August. Over that period, the average monthly job gain was 80,000.

In 2010, the slowdown, from June through September, consisted of four straight months of job losses. The average loss was 76,000.

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SOURNESS ON WALL STREET

The reaction of stock investors? A collective thumbs-down.

The market opened sharply lower after the jobs report was issued. The Dow Jones industrial average dropped 163 points — about 1.3 percent — in late-afternoon trading. Other stock indexes also sank.

Money flowed instead into U.S. Treasuries, which investors perceive as safer than stocks when the economy is weakening.

Never mind that you get almost nothing in return for lending money to the federal government these days. The yield on the benchmark 10-year U.S. Treasury note fell to 1.54 percent, from 1.59 percent on Thursday.

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THE LOST JOBS

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Five million jobs.

That's how many the economy has still failed to recover since the Great Recession officially ended three years ago.

The nation lost nearly 8.8 million jobs between January 2008 and February 2010. Since then, it's regained more than 3.8 million — less than 44 percent.

The economy has added just 137,000 jobs a month since employment hit bottom. At that pace, it would take three more years for employment to return to where it was in January 2008.

— Paul Wiseman, AP Economics Writer

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WORDS TO DESCRIBE THE NUMBERS

Here's what politicians and economists had to say about the June employment data:

President Barack Obama: "It's still tough out there."

Mitt Romney: "This kick in the gut has got to end."

Mark Zandi, chief economist at Moody's Analytics: "It's hard to sugarcoat any of it."

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HEADED IN THE WRONG DIRECTION

Compared with last year, job growth is worsening.

Employers added an average of 150,000 jobs a month in the first half of 2012 — fewer than the 161,000 average in the first half of 2011.

Yet by some other measures, the job market has improved over last year. Applications for unemployment benefits are down. That shows layoffs have declined. The number of people who sought first-time unemployment aid fell to 374,000 late last month — 12 percent lower than the level a year earlier.

Companies are posting more jobs. There were 3.4 million job openings in April, according to the most recent data available. That's 13 percent more than in April 2011.

And the economy grew at a 1.9 percent annual rate in the first three months of this year. That's a weak gain, granted. But it's better than the nearly stalled 0.4 percent annual pace in the first quarter of 2011.

— Christopher S. Rugaber, AP Economics Writer

FED TO THE RESCUE?

As job growth sputters, attention is turning to whether the Federal Reserve will try to give the economy another jolt.

Among economists, the conventional wisdom is that the Fed won't act immediately and won't act at all unless the economy takes a sharper turn for the worse.

The Fed's options are complicated by the presidential election, just four months away. Some analysts have said the Fed may be reluctant to take action close to the election out of concern it could be seen as affecting the vote.

After the Fed's last policy meeting, which ended with a decision to extend a bond-buying program, Chairman Ben Bernanke said, "If we're not seeing a sustained improvement in the labor market, that would require additional action."

The Fed's next policy meeting begins July 31.

— Martin Crutsinger, AP Economics Writer

IT'S A MAN'S RECOVERY

Men bore the brunt of the recession: They lost about 70 percent of the jobs. But they've benefited the most during the weak recovery.

Three-quarters of the jobs created in the past 2½ years have gone to men: roughly 2.7 million of the 3.8 million jobs.

Dean Baker, an economist at the Center for Economic Policy and Research, says huge job losses in male-dominated professions like manufacturing and construction have forced men to seek work elsewhere. As a result, they've taken many jobs that otherwise might have gone to women.

Men have landed 474,000 jobs in retail and 123,000 in finance, Baker calculates. By contrast, women have lost 49,000 retail jobs and 65,000 finance positions.

— Christopher S. Rugaber, AP Economics Writer

THE 10 MILLION MISSING WORKERS

One reason it's been so hard for the economy to generate consistently strong hiring: Only 58.6 percent of adults are earning paychecks.

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That's near a three-decade low. And it's down from about 63 percent before the recession — meaning 10 million fewer people have jobs.

These people include not only laid-off workers. Some are young adults who are staying in school or older workers who have retired early. It also includes people who aren't looking for jobs and rely on disability or other government aid.

Nearly all have less money to spend than if they were working. They can't spend as much to eat at restaurants or to buy computers or furniture.

That means lower sales for companies, which are responding by adding few jobs. The result is a vicious cycle that's been difficult for the economy to escape.

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STATES OF (RELATIVE) DISTRESS

Only 14 states have unemployment rates above the national average of 8.2 percent. But most of them have large populations. Thirty-four states — more than two-thirds — have rates that are below the national average. Two states, Arizona and Kentucky, are at the national average.

Unemployment is highest in Nevada (11.6 percent), where the effects of the housing bust are pervasive. The four states with the next highest rates are: Rhode Island (11 percent), California (10.8 percent), North Carolina (9.4 percent) and New Jersey (9.2 percent).

Unemployment is lowest in North Dakota (3 percent). It's an agricultural state that avoided the housing boom and bust and has benefited from an oil-drilling boom. The four states with the next lowest rates are Nebraska (3.9 percent), South Dakota (4.3 percent), Vermont (4.6 percent) and Oklahoma (4.8 percent).

The Labor Department's state-by-state unemployment data is for May.

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'WORLDLY AND BROKE'

When Deborah Masse, 49, lost a job in 2007, she had three interviews and a job offer within six weeks.

This time has been different. After being laid off in October 2011, she's sent out thousands of resumes and had several phone interviews.

No job offers.

But Masse, who lives in Stanton, Mich., with her husband and mother, has been encouraged by the auto industry's rebound. She's seeing auto companies advertise

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jobs in human resources, her field. She plans to move next week to be closer to Detroit.

While unemployed, Masse says she's exercised more, learned some French and Spanish, and brushed up on her technological skills.

"If nothing else, I will end up on Social Security more fit, more intelligent and worldly and broke," she says.

— Christopher S. Rugaber, AP Economics Writer

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MORE CARS, MORE GADGETS

Despite the overall tepid job growth, customer demand in some sectors is lifting hiring.

Consider the auto industry. Healthier U.S. sales, on track for their best year since 2007, are leading to more jobs.

Nissan plans to hire 1,000 workers at a plant in Canton, Miss., by year's end to build the Sentra sedan. Volkswagen is on a hiring spree, with plans to hire 1,000 at its assembly plant in Chattanooga, Tenn.

Technology companies are generally faring well, too. A common complaint is a lack of qualified software engineers and designers.

Demand is also rising for social media specialists, who manage ads on Facebook or LinkedIn or moderate online communities. There's also a need for Web developers who know HTML5, the newest version of the programming standard websites are built on.

Amazon.com is adding more than 7,000 jobs, mainly at order centers in California, Indiana, South Carolina, Tennessee and elsewhere.

— Dee-Ann Durbin, AP Auto Writer and Barbara Ortutay, AP Technology Writer

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SHRINKING GOVERNMENT JOBS

As an employer, the government isn't helping.

The number of jobs at all levels of government fell 4,000 in June. Only local governments added jobs — and it was a scant 4,000. State governments cut 1,000 jobs. They shed 13,000 in the April-June quarter.

"In the first quarter it looked like state and local government job losses were coming

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to an end," says Stuart Hoffman, chief economist at PNC Financial Services. "That turned out to be a temporary halt... Apparently, there's no end in sight."

The federal government cut 7,000 jobs in June. It hasn't added jobs since March 2011.

— Paul Wiseman, AP Economics Writer

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A BROADER GAUGE OF PAIN

The unemployment rate doesn't fully capture the breadth of the jobs crisis.

A more inclusive measure is known as the "underemployment rate." And it worsened again in June.

This measure includes not only the unemployed but also people who want jobs but have stopped looking for them and part-time workers who want full-time jobs.

The underemployment rate rose to 14.9 percent in June — up from 14.8 percent in May and 14.5 percent in April.

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'FISCAL CLIFF' KEEPS EMPLOYERS ON EDGE

The job market could get even weaker once 2012 ends.

Unless Congress intervenes by then, income tax cuts will expire and \$100 billion in spending cuts will kick in. This would push the economy off a "fiscal cliff" and land it in another recession, according to the Congressional Budget Office.

Jobs would become even scarcer.

A last-minute reprieve is likely, according to many political analysts. But until then, uncertainty is making employers reluctant to hire. More than three-fourths of the 32 economists surveyed by the AP last month described the fiscal cliff as a "major" risk.

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CUSHIONING THE PAIN

When the job market and the economy weaken, energy prices tend to drop. That means relief for businesses and consumers.

Lower oil prices mean cheaper diesel and jet fuel for shippers and airlines. Falling gasoline prices give drivers more money to spend on things like cars, appliances

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and vacations that fuel economic growth.

Oil has fallen 21 percent from its peak in late February — to \$87.22 barrel. And gasoline now costs \$3.34 a gallon, down 15 percent from early April.

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AS FOR THE GOOD NEWS...

Average hourly pay rose 6 cents in June — the biggest gain in nearly a year. Hourly pay has risen 2 percent in the past 12 months. It's slightly outpacing low inflation, which has been held back by lower gas prices.

The construction industry added jobs for the first time in five months. The gain was small — 2,000 jobs — but it could rise in coming months because builders are breaking ground on more homes. And spending on commercial construction is up.

Manufacturers added jobs for a ninth straight month. The average work week grew. And companies hired 25,000 temporary workers.

Economists say those are generally signs that hiring will increase in the months ahead.

That said, job growth will likely stay too weak to drive down unemployment significantly.

— Christopher S. Rugaber, AP Economics Writer

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