

Unemployment dips to 8.9 pct., 192K jobs added

 AP Associated Press

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WASHINGTON – Employers hired in February at the fastest pace in almost a year, and the unemployment rate fell to 8.9 percent — a nearly two-year low.

The economy added a net 192,000 jobs. Factories, professional and business services, education and health care were among the sectors that hired. Retailers, though, trimmed jobs. State and local governments, squeezed by budget gaps, slashed 30,000 jobs, the most since November. Federal government hiring was flat.

Private employers added 222,000 jobs last month, the most since April. That shows companies are feeling more confident about the economy and their own prospects. The job gains bolstered hopes that businesses will hire aggressively through the rest of the year and strengthen the economic recovery.

The unemployment rate is now at its lowest point since April 2009. It's been falling for three months, down from 9.8 percent in November, marking the sharpest three-month drop since 1983.

"These numbers can be sustained and built on," said Joel Naroff at Naroff Economic Advisors. "Businesses are finally taking some of those profits they are earning and putting them back into the work force."

The number of unemployed people dipped to 13.7 million, still nearly double the number before the recession began in December 2007.

When you include part-time workers who'd rather be working full time and people who have given up looking for work, the percentage of "underemployed" people dropped to 15.9 percent in February. That's the lowest figure in nearly two years.

The Labor Department report had little effect on investors, who had generally anticipated Friday's data. Many seemed more focused on the rise in oil prices. The Dow Jones industrial average dropped more than 60 points in morning trading. The yield on the 10-year Treasury note dipped to 3.52 percent, from 3.56 percent late Thursday. The yield is a widely used

benchmark for mortgages and other loans.

President Barack Obama's chief economist, Austan Goolsbee, welcomed the positive news. But Goolsbee cautioned that it will take time to recoup the 7.5 million jobs wiped out by the 2007-2009 recession.

The pickup in hiring coincides with gathering strength in the broader economy.

Americans shoppers are spending more. U.S. exporters are selling more abroad. Manufacturing is growing at the fastest pace in nearly seven years. And the service sector, which employs about 90 percent of the work force, is expanding at the fastest pace in more than five years.

The 192,000 jobs added in February was a sharp improvement from a revised 63,000 job gains in January. Some of the increasing came as people resumed work, after dropping off payrolls because of bad weather in January. Still, the gains were widespread.

Factories added 33,000 jobs. Education and health care added 40,000, professional and businesses services 47,000. Leisure and hospitality added 21,000, and transportation and warehousing reported 22,000.

And construction companies created a net 33,000 jobs, though a chunk of them reflected people coming back on payrolls after January's harsh winter weather.

The number of "long-term" unemployed — people out of work for six months or more — sank to 5.99 million, a decline of 217,000 from January.

Workers' paychecks were mostly flat in February. Average hourly earning rose to \$22.87 in February, up 1 cent from January. Workers have little bargaining power to demand big pay raises because the weak jobs market.

And rising gasoline prices are putting more pressure on Americans' pocketbooks. Gasoline is averaging close to \$3.50 a gallon nationwide. Higher prices can force consumers to cut back spending on other things. That has the potential to slow the recovery and hiring.

Even if that scenario doesn't happen, the unemployment rate is likely to rise later this year as people — perhaps feeling more confident about their prospects to find a job — stream back into the labor market.

Unemployment rates often rise when the economy improves and people who haven't been looking for jobs start hunting again. People who aren't looking are not counted as unemployed. Some economists say the jobless rate could edge past 9 percent again.