

New jobs added as unemployment rate falls



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Thursday's national jobless report saw the unemployment rate drop and job creation rise, showing the U.S. economy is finally picking up steam on the fifth anniversary of the nation's emergence from the Great Recession.

That good news, which cheered the stock markets and sent the Dow Jones industrial average above 17,000 for the first time, was tempered by signs that workers were still struggling in June.

The unemployment rate fell from 6.3 percent in May to 6.1 percent in June, the lowest it has been since the financial meltdown in September 2008, according to the U.S. Bureau of Labor Statistics.

Employers added 288,000 jobs during the month, which brings the average gains for the first six months of the year to 207,000 jobs a month, the strongest job growth since the end of the recession.

President Barack Obama pointed out in a speech Thursday that it was the "first time we've seen five consecutive months of job growth over 200,000 since 1999."

Good news on the job front sent the stock market to record levels. The widely watched Dow index finished Thursday's abbreviated trading session at 17,068.3, up 92.1. The S&P 500, a broader barometer of the stock market's health, rose 10.82 to close at 1,985.44.

The performances left the Dow up 3 percent for the year and the S&P 500 up more than 7 percent.

"Given the news of the positive unemployment report, it's not unexpected that we're going to have a strong day in the Dow," said Matt Yanni of Yanni & Associates in Franklin Park.

Mr. Yanni believes the market is fairly priced at these levels.

Health care, technology and energy stocks have contributed the most to the S&P's advance, he said.

While major market indexes won't match the gains registered last year, Mr. Yanni believes the market will close 2014 at a higher level than it's at now.

Ronald Heakins of OakTree Investment Advisors in Shadyside said one thing analysts will be looking for in companies' second-quarter earnings reports is whether they are able to increase revenue.

Much of the improvement in earnings during what has been a lackluster recovery can be attributed to cost cutting and other measures, he said.

If the June jobs report is a sign that the economy is getting stronger, that will make consumers more likely to spend and help companies boost sales.

"That's a big thing to watch going forward," Mr. Heakins said.

Workers, however, were not getting as much work as they needed.

"There are still folks out there who are struggling," the president said during a tour of a technology incubator in Washington, D.C. "We still have not seen as much increase in income and wages as we'd like to see. A lot of folks are still digging themselves out of the challenges that arose out of the Great Recession."

The ranks of workers who are employed part time because full-time work was not available grew by 275,000 to 7.5 million people. Another 7 million people, or 4.8 percent of all job holders, are working multiple jobs. Some of them, 3.7 million, are moonlighting with a part-time job on top of their full-time employment, and another 1.8 million people are cobbling together more than one part-time job.

Among the 9.5 million people who were unemployed, 3 million, or 32.8 percent, have been out of work for more than six months.

Heidi Shierholz, an economist for the Economic Policy Institute, a Washington, D.C., economic research organization, has been calculating another indicator of economic health that she refers to as the number of "missing workers."

The missing workers are those people who would normally be in the labor market based on age and population growth, if the market was healthy.

Ms. Shierholz said there are currently 6.7 million missing workers who, if they were actively looking for work, would drive the unemployment rate up to 9.7 percent.

The Bureau of Labor Statistics keeps its own alternative economic indicator called “alternative measures of labor underutilization,” which has also been called the “real unemployment rate.” That rate is at 12.1 percent, down from 12.2 percent in May.

The rate is calculated by looking at the number of people who are unemployed, those who are working part time because they can’t get full-time work, and the people who want a job and have looked in the past 12 months but have not looked in the past month.

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