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Hurricanes Restrained Hiring in September: U.S. Economy Preview

Oct. 3 (Bloomberg) -- U.S. employers probably added 150,000 jobs in September and the unemployment rate held at 5.4 percent, the lowest in almost three years, according to a survey of economists. The government issues its report less than a month before Americans vote for the next president.

More jobs would have been added if hurricanes hadn't struck the southeastern U.S., economists said. Henry Willmore at Barclays Capital Inc. said Hurricane Ivan on Sept. 16 shaved as many as 30,000 jobs from last month's figures and maybe more. Even so, the projected increase for September compares with 144,000 positions added in August.

Payrolls began to recover in August from a midyear lull. Employers added on average about 225,000 positions each month from January through May, and fewer than 100,000 in June and July. A sustained rebound in hiring is necessary for the economy to gather momentum, economists said.

"Corporate chieftains are still cautious with respect to new hiring," Richard Yamarone, chief economist at Argus Research Corp. in New York, said. "They're challenged by skyrocketing health and benefit costs. You throw in energy and it doesn't help the situation either, making it difficult to expect economic growth to rise by any impressive pace."

Crude oil, which jumped past \$50 a barrel last week, was 71 percent higher than a year earlier, pushing up the costs of gasoline and home heating oil. Higher fuel bills mean Americans have less to spend on other goods and services. In the second quarter, consumer spending was the weakest since the 2001 recession.

#### Politics and Jobs

Democratic presidential candidate John Kerry, the four-term U.S. senator from Massachusetts, argues that the administration has done too little to recover the 900,000 jobs lost since President George W. Bush took office.

Bush says his tax cuts have fueled economic growth and created jobs. After he signed the third tax-cut bill under his administration in May 2003, the economy has added 1.6 million jobs, most of them this year.

The Labor Department issues the report at 8:30 a.m. Oct. 8.

General Motors Corp., the world's largest automaker, is among those being careful about adding workers.

"We are certainly being selective with regards to our hiring plans," Paul Ballew, executive director of market and industry analysis at General Motors, said in an interview from Detroit last week. "I wouldn't say we are in a very aggressive hiring mode right now just because of what is happening out there in the marketplace."

#### Autos and the Economy

Economic growth in the second quarter slowed to a 3.3 percent annual rate from a 4.5 percent pace in the first three months of the year. Growth reasserted itself in the third quarter, which ended Sept. 30, according to

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Auto sales in September increased to 17.5 million vehicles at an annual rate, the strongest since May, industry figures showed last week. General Motors' sales rose 25 percent, the biggest gain in almost two years, suggesting ``consumption and overall real growth look to be on track to post at least 4 percent gains," said Joshua Shapiro, chief U.S. economist at MFR Inc. in New York.

States with a concentration of manufacturing jobs such as Ohio, Michigan and Pennsylvania are among those closely contested in this year's election. Economists forecast a 10,000 rise in factory jobs during September after an increase of 22,000, according to the median estimate in the Bloomberg survey.

#### Hurricanes

Hurricane Ivan struck Florida on the week that the Labor Department surveys businesses about their payrolls. Ivan was preceded by Hurricane Charley in mid-August and Frances in the first week of September.

``Given the widespread evacuations on the Gulf Coast that occurred ahead of Ivan reaching land, there is the potential for a significant impact on payrolls," Willmore said.

In September 1999, when Hurricane Floyd slammed into the East Coast, employment for the month was reported down 8,000 compared with economists' projections of a 235,000 gain, according to economists at Citigroup Global Markets.

This week's employment report is also forecast to show a 0.3 percent rise in average hourly earnings in September, matching the prior month's increase.

Tomorrow, the Commerce Department is forecast to report a 0.1 percent rise in August factory orders after a 1.3 percent increase in July. August bookings were restrained by fewer commercial aircraft orders.

A measure of the service economy, released two days from now by the Institute for Supply Management, probably rose to 59 in September from 58.2 a month earlier, indicating faster growth in the largest part of the economy.

Bloomberg Survey						
Date	Time	Period	Indicator	BN Survey	Prior	
10/04	10:00	Aug.	Factory Orders	0.1%	1.3%	
10/05	10:00	Sept.	NAPM Non-Manu.	59.0	58.2	
10/07	8:30	10/2	Initial Jobless Claims	355K	369K	
10/07	15:00	Aug.	Consumer Credit	\$5.9B	\$10.9B	
10/08	8:30	Sept.	Avg. Hourly Earnings	0.3%	0.3%	
10/08	8:30	Sept.	Change Nonfarm Jobs	150K	144K	
10/08	8:30	Sept.	Unemployment Rate	5.4%	5.4%	
10/08	8:30	Aug.	Wholesale Inventories	0.8%	1.3%	
10/08	8:30	Aug.	Wholesale Sales	0.7%	0.5%	

To contact the reporter on this story:  
Vince Golle in Washington [vgolle@bloomberg.net](mailto:vgolle@bloomberg.net).

To contact the editor responsible on this story:  
Kevin Miller at [kmiller@bloomberg.net](mailto:kmiller@bloomberg.net).

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