

## Fed chairman's optimism grows as unemployment claims shrink

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Fewer Americans joined the ranks of the unemployed last week than at any time since before the 2001 recession, another powerful sign of a surging economy and a strengthening job market.

Even Alan Greenspan, chairman of the Federal Reserve and perhaps the world's most listened-to economic prognosticator, tilted toward optimism Thursday. Greenspan said the odds "increasingly favor a revival in job creation." That's strong talk for the Fed chief, and encouraging news about the struggling job market.

A still more significant economic indicator is due out this morning, when the U.S. Labor Department reports the nation's October job-creation totals and unemployment rate — which also are expected to be improved.

A University of Central Florida economist, David Scott, said he suspects Greenspan had foreknowledge of today's job numbers and likely was signaling financial markets that the Fed, the nation's central bank, is in no hurry to raise interest rates despite the apparent gathering of strength in the economy.

In his speech, Greenspan said the Fed has reckoned the likelihood of "an unwelcome drop in inflation exceeds that of a rise in inflation from its already low level. In

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these circumstances, monetary policy is able to be more patient." Translation: The Fed's rate-setting Federal Open Market Committee is not going to rush to raise interest rates — currently at 45-year lows — because of signs of still incipient economic growth.

The Fed manipulates interest rates as a way to stimulate or slow the economy, when needed. It raises rates to make borrowing more expensive and thereby dampen inflation; it lowers rates to make borrowing cheaper and encourage growth.

The economy has been disturbingly sluggish since the recession ended two years ago, and a surge in job production has failed to materialize during the recovery. Instead, more than 1 million payroll jobs have disappeared in the United States since the end of the recession in November 2001, Greenspan noted in his speech via satellite to the Securities Industry Association meeting in Boca Raton.

In another bit of positive economic news released Thursday, the Labor Department said business productivity rose at the fastest pace in a decade — an 8.1 percent annualized rate — in the three months ended in September.

Also in September, the economy broke a seven-month string of employment losses and generated 57,000 new jobs. A repeat of September's performance — or better — in October would be good news. The consensus estimate reported by Briefing.com, which does financial-markets analysis, is that the nationwide employment figures released today will contain a net increase of 65,000 jobs.

That's better than losing jobs, but the economy really needs to produce a net increase of 225,000 to 250,000 jobs a month, UCF's Scott said.

### 348,000

The number that initial claims for unemployment fell to last week.

### January 2001

The last time the U.S. jobless-claims numbers were this low.

### 65,000

What economists expect U.S. payrolls to rise to when the employment report is released today.

Manufacturing has been hit the hardest during the past three years, and that sector has hemorrhaged jobs. That continued in September, despite the overall upturn, as an additional 29,000 factory jobs disappeared.

But other sectors have shown strong increases in job production, including service industries ranging from professional positions such as architects, physicians and other medical workers to lower-wage jobs such as hotel maids and restaurant staff.

One of the biggest increases nationally in September was in the administrative and support-services category under professional-and-business services. Employment services, which include temporary labor, also grew in September — a promising indicator because temporary hiring usually is a harbinger of more full-time jobs.

On Thursday, the Labor Department reported that the number of Americans filing first-time claims for unemployment benefits plunged unexpectedly to 348,000 last week. That was the lowest number of weekly new filings since January 2001 and was down from 391,000 the week before. Scott termed those numbers "moderate good news."

"We've got more things on the plus side than on the negative," Scott said. With today's payroll-jobs numbers, he said, "We're either going to get some corroboration or disappointment."

Another important recent sign that the economy is beginning to take off was the very strong, 7.2 percent annualized growth in the nation's gross domestic product during the third quarter ended Sept. 30.

Still, unemployment nationally and in Central Florida has remained stubbornly higher than it was during the 1990s boom, and many people who are looking for work are still having difficulty.

"I don't think jobs are increasing, unless millions of people are moving to Florida every day," said Lantz Mills, 30, of Orlando, who said he has been working off and on through temporary agencies since he got out of the Marines last December.

Mills, a father of two, was among hundreds of job seekers Thursday at an Orlando employment fair sponsored by the Central Florida Employment Council, a nonprofit social-action agency.

Mills is going to classes at night in pursuit of a college degree and is looking for a full-time job instead of the intermittent work he has had through agencies.

What kind of work does he want?

"I'm just looking for a job," Mills said. "Beggars can't be choosy."

Although "millions" is an exaggeration, Florida and particularly the Orlando area do have to contend with a steady influx of newcomers.

Take Elizabeth Rodriguez, 34, a native of Chicago who relocated to Casselberry from San Juan, Puerto Rico about a month ago.

She came here because "the economy in Puerto Rico is very bad and unemployment is extremely bad" there, she said.

Rodriguez has been looking seriously for a job in the Orlando area for about three weeks and thinks the job market here is improving. She thinks her fluency in Spanish and English, as well as her experience in accounting, will help her close in on a job. Still, "you have to give employers a chance to look at your résumé and pick through them," she said.

"As you can see," Rodriguez said, waving a hand toward the crowd at the job fair, "there are a lot of people here."