

New jobs finally enter into recovery's picture

Economist: Companies poised to begin hiring in '04

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The nation's and Orlando's persistently poor job performance throughout the current economic recovery may finally be giving way to a surge in hiring — or at least be on the verge of doing so — if reports on Thursday signal a trend.

For one, the number of Americans applying for first-time unemployment benefits fell last week to its lowest level since February, the government reported.

There were 382,000 first-time jobless claims nationwide in the week ending Oct. 4, the U.S. Labor Department reported. That's down 23,000 from the week before.

Also, a regional bank economist said talks he had this week with a wide cross-section of Orlando-area business people clearly showed they plan significant hiring right after New Year's.

"Companies' HR departments and employment agencies have been directed to identify employment prospects to whom companies can make offers in January," Bob Allsbrook, chief economist at AmSouth Corp. in Birmingham, Ala., said of his conversations with Central Florida business people.

The one exception to this strengthening trend in Orlando is the hotel industry, Allsbrook said. "It says the jobless nature of the recovery has probably come to an end," he added.

Economists have termed the current situation a "jobless recovery" because the nation has been steadily losing jobs despite growth in the gross domestic

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product — the broadest measure of the economy — since the recession ended in November 2001. In Florida, weak job growth has not kept pace with increases in population.

Allsbrook said he found the same upbeat hiring projections among business people in central Tennessee recently, a sign that the pressure to add jobs is broad. He said he chose the two

areas to survey informally because they are both fast-growing and good predictors of national trends.

Although Allsbrook is skeptical of single-week data on new claims, many economists viewed the numbers as encouraging.

The latest total of first-time jobless claims is below the 400,000 level that many economists informally regard as an important turning point. Weekly new unemployment claims above that level suggest a worsening job market while a number below that level signifies improvement, they say.

Even the four-week average fell below the 400,000-claim level for the first time in six weeks.

"It's a nice report in the right direction," said David Scott, an economist and professor of finance at the University of Central Florida. "The biggest thing you had was two consecutive weeks that were below a benchmark 400,000 number."

The national new-claims data seem to support the Labor Department's report last week that the national economy had produced 57,000 new jobs in September, Scott said. That was the first net increase since January.

In Florida, where the first-time unemployment numbers are available only on a monthly basis, new jobless claims fell in September to 12,595, down about 10 percent from the level of a year ago. However, the latest monthly numbers are not significantly lower than those reported previously this year, said Sandy Durrant, a statistician for the Florida Agency for Workforce Innovation.

In Orlando, September's new applications totaled 7,167, still in the 7,000-to-8,000-a-month range that has persisted this year, Durrant said.

While the initial claims report was positive, it also suggested that those already unemployed are still having difficulty finding new jobs. The number of Americans on the unemployment rolls was a still-high 3.64 million in the week ended Sept. 27, down just 7,000 from a week earlier.

But there were other positive signs on Thursday for the economy generally.

Retail sales in September were broadly higher than expected, with many big companies reporting their third month in a row of surprisingly good performance.

Mall-based stores such as Limited Brands Inc. and Ann Taylor Stores Corp. and department stores such as Federated Department Stores Inc. all posted sales above expectations. Major discounters and moderate-priced stores, including Wal-Mart Stores Inc. and Target Corp., had solid results.

Also, a survey of top manufacturing executives showed the highest level of optimism in six years, suggesting that the beleaguered factory sector is finally beginning to recover.

The Manufacturers Alliance/MAPI said its quarterly index of future business activity jumped to 68 last month — the highest level since 1997 — from 60 in June.