Companies add most jobs since April

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WASHINGTON — Companies created more net new jobs in October than in any month since April, evidence that businesses are shedding their previously cautious attitude toward hiring.

But the unemployment rate remained stuck at 9.6 percent for the third straight month.

Still, the job gains should give Americans a bit more income to spend, providing some support to the sluggish economy. That higher income, combined with the potential extension of the Bush tax cuts and the Federal Reserve's move earlier this week to push interest rates down, could help the economy pick up steam, economists said.

The employment report showed much stronger job gains than Wall Street analysts had expected.

"This is not a gangbusters report but it is very important," said Carl Riccadonna, an economist at Deutsche Bank. "It shows us that the momentum in employment is building."

It was the 10th straight month of increased hiring in the private sector. And it was the first overall increase in jobs since May. The layoff of temporary census workers had depressed the payroll figures over the summer.

Businesses added 159,000 net new jobs last month, the Labor Department said Friday. The department also revised up its figures for August and September to show an additional 103,000 private-sector job gains. The revised figures also show that companies have added more than 100,000 net new jobs in each of the past four months.

Governments at all levels cut 8,000 jobs, resulting in a net gain of 151,000 jobs in October.

Employers also extended the average work week to 34.3 hours, up by one-tenth. That increase boosts workers' incomes and provides fuel for more consumer spending, which drives about 70 percent of the economy.

Average weekly paychecks rose to nearly $780, the report said, a gain of about 3.5 percent compared to a year earlier.