US UNEMPLOYMENT FALLS TO 7%

203,000 jobs added in November, data show

By Christopher S. Rugaber
Associated Press

WASHINGTON — A fourth straight month of solid hiring cut the U.S. unemployment rate in November to a five-year low of 7 percent. The surprisingly robust job gain suggested that the economy may have begun to accelerate.

It also fueled speculation that the Federal Reserve will scale back its economic stimulus when it meets later this month.

Employers added 203,000 jobs last month after adding 200,000 in October, the Labor Department said Friday. November's job gain helped lower the unemployment rate from 7.3 percent in October.

The economy has now generated a four-month average of 204,000 jobs from August through November. That's up from 159,000 a month from April through July.

The strong report "gives the Fed all the evidence it needs to begin tapering its asset purchases at the next ... meeting," said Paul Ashworth, an economist at Capital Economics.

Many economists still think the Fed won't begin to cut back until its January meeting or later.

Friday's employment report follows other positive news. The economy expanded at an

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annual rate of 3.6 percent in the July-September quarter, the fastest growth since early 2012, though nearly half that gain came from businesses rebuilding stockpiles. Consumer spending grew at the slowest pace since late 2009.

Greater hiring could support healthier spending. Job growth has a dominant influence over much of the economy. If hiring continues at its current pace, a virtuous cycle will start to build: More jobs typically lead to higher wages, more spending and faster growth.

But more higher-paying jobs are also needed to sustain the economy's momentum. Roughly half the jobs that were added in the six months through October were in four low-wage industries: retail; hotels, restaurants and entertainment; temp jobs; and home health care workers.

The recent economic upturn has been surprising. Many economists expected the government shutdown in October to hobble growth. Yet the economy motored along without much interruption, according to several government and industry reports.

Early reports on holiday shopping have been disappointing. The National Retail Federation said sales during the Thanksgiving weekend — probably the most important stretch for retailers — fell for the first time since the group began keeping track in 2006.

Consumers are willing to spend on big-ticket items. Autos sold in November at their best pace in seven years, according to Autodata Corp. New-home sales in October bounced back from a summer downturn.