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Unemployment rate holds at 9.6%, but job market shows signs of life

Figures from the Labor Department indicate that employers added a net 151,000 jobs in October. Much of the gains came from temporary-help firms and healthcare services.

By Don Lee, Los Angeles Times

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Reporting from Washington

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The nation's sluggish job market showed signs of life in October: Employers added a net 151,000 jobs over the month, and private-sector job creation was the strongest since April, the Labor Department said Friday.

However, the better-than-expected job gains weren't large enough to bring down the unemployment rate, which remained stuck at 9.6% for the third month in a row. A broader measure of unemployment and underemployment, which includes part-time workers who can't find full-time jobs, dropped a notch to 17% last month.

In October, private employers added 159,000 jobs, up from an upwardly revised 107,000 in September and 143,000 in August. As in recent months, a big chunk of the job gains in October was at temporary-help firms and healthcare services. Restaurants and the retail sector also beefed up hiring last month. Manufacturing and construction, the two hardest-hit industries during the recession, were little changed.

Total government employment was down just 8,000 last month, a contrast to September, when big cuts in state and local education payrolls and continuing layoffs of census workers led to a loss of 148,000 government jobs.

Friday's jobs report capped a week of generally positive economic news that suggests the recovery may be regaining some of the momentum lost in the spring. Other reports showed construction activity that may be

bottoming, manufacturing that is continuing to expand and stronger-than-expected auto sales. The Federal Reserve's announcement Wednesday that it will inject an additional \$600 billion into the financial system to stimulate spending and investment also has added to hopes of a stronger recovery.

Even so, the economy had 7.3 million fewer payroll jobs last month than in October 2007, just before the official start of the recession. And more than a year after the official end of the recession, Friday's report indicated that the number of jobless workers remained at nearly 15 million people, with more than 6 million unemployed for more than six months.

With big debts weighing on consumers and uncertainties over taxes and other government policies, employers have been holding the line on their staffing levels even as they continue to invest aggressively in new equipment and software to enhance productivity. Private surveys suggest near-term job prospects, while improving, aren't likely to accelerate sharply.

"Although expectations for business conditions and real sales trends improved in October, it wasn't enough to produce a surge in job-creation plans, which remained mired at recession levels," said William Dunkelberg, chief economist for the National Federation of Independent Business, after surveying small businesses last month.

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