

Markets tumble as nation's unemployment rate rises for first time in nearly a year

By Kevin Smith, SGVN [Twitter.com/sgvnbiz](https://twitter.com/sgvnbiz) Whittier Daily News

The U.S. economy lost traction last month, adding just 69,000 jobs as the nation's unemployment rate rose for the first time in nearly a year, to 8.2 percent.

The Labor Department also announced that the economy added far fewer jobs in the previous two months than first thought - 11,000 fewer in March and 38,000 fewer in April.

Friday's news sent Wall Street tumbling, with the Dow dropping 275 points, or 2.22 percent, to end the day at 12,118.57. The S&P 500 and Nasdaq markets dropped 2.46 percent and 2.82 percent, respectively.

Some say the employment numbers will be top of mind among voters when they head to the polls in November.

"When you look to the future, one of the things we need to take into consideration is anemic growth," said Terry O'Neill, president and CEO of The O'Neill Co., a corporate benefits consulting firm. "We have no growth and the unemployment rate is ticking up."

O'Neill said the nation needs to add 200,000 to 300,000 jobs a month to spur a real economic turnaround.

"That's why 69,000 jobs looks extraordinarily dismal," he said. "We're at stall speed. And when you look at problems in the eurozone it's now slushing over into the core countries. Their biggest exporter is China, and that's why you see China slowing."

Job creation is the fuel for the nation's economic growth. When more people have jobs, more consumers have money to spend - and consumer spending drives about 70 percent of the economy.

Christopher Thornberg, a founding partner with Beacon Economics in Los Angeles, said he's concerned about the downward job revisions for March and April.

"The current month is always provisional, but when you see a ramping down of (previous) numbers that means things were worse than expected," he said. "And that goes back to the idea that there is a slowing in the economy."

Still, Thornberg said it's not the end of the world.

"What this tells me is we've yet to turn a corner," he said. "But that's a far cry from sinking into a second recession or heading for some meltdown in the financial markets."

Thornberg also figures the issue of unemployment will figure into the November presidential election.

"I'm always hesitant to pretend that I know what is in the minds of voters," he said. "But clearly the perception of what happens in the economy is a big part of how people vote."

Sung Won Sohn, an economics professor at Cal State Channel Islands, said Congress and the Obama administration must work immediately to address the "fiscal cliff" looming at year's end.

That's when the economy will be hit with higher taxes and across-the-board government spending unless Democrats and Republicans forge some compromise.

"Businesses have pulled in their horns, given the growing amount of uncertainty," Sohn said.

"It's frustrating," said Daniel Lien, first vice president and regional manager for Inland Community Bank in Pasadena. "But this helps us to make sure we spend as much time as possible with our clients, to really know where they are, where they're headed and how we can be there to help. Because we're all in this together."

The San Gabriel Valley lost 52,300 jobs from the peak of the recession in 2008 through the trough in 2010. But 5,700 of those jobs were recovered last year, according to figures from the Los Angeles County Economic Development Corp.

The rest of the jobs probably won't be coming back anytime soon, according to Robert Kleinhenz, the LAEDC's chief economist.

"It will probably take years before we get back to 650,000 again," Kleinhenz said recently. "Consumers are in the driver's seat and they can push it forward. We're just not seeing it yet. Businesses have been ready to grow for some time, but they're waiting for consumers to spend more."

Los Angeles County's unemployment rate dropped to 11.6 percent in April compared with 11.8 percent the previous month and 12.2 percent a year earlier, the state Employment Development Department reported.

New local employment figures are scheduled to be released June 15.

The Associated Press contributed to this report.

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