

# The New York Times

## U.S. Adds 117,000 New Jobs in July Amid Economic Fears

By MOTOKO RICH The New York Times  
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As the United States economy continued to wobble, employers added 117,000 jobs in July, the Labor Department reported today, a number that was above analysts' expectations.

The figure, far more than the 18,000 net new jobs originally reported in June, was also the most new jobs added in a month since April. The Labor Department also revised its estimate of American job growth in June to 46,000.

The July unemployment rate fell a notch to 9.1 percent, the department reported.

Stock markets, pummeled on Thursday on increasing pessimism over the American economy, were likely to react positively to the numbers. Trading in Dow Jones industrial average futures turned positive shortly after the announcement.

The more promising jobs numbers came in a week when Congress finally agreed to a deal to raise the country's debt ceiling and cut government spending. Deep divisions remain between the two political parties on how to cut spending further at a time when many economists worry that the economy can ill afford it.

Signs that the recovery has slowed to a crawl are mounting. The Commerce Department reported earlier this week that consumer spending, which accounts for up to

70 percent of economic activity, actually declined in June for the first time in nearly two years. A closely watched survey of manufacturers showed that employment in July grew at a slower rate than in June and that new orders of factory goods actually fell. Housing prices are still extremely weak.

With consumer confidence on a knife's edge and orders slipping, employers have been reluctant to add workers. "We just don't see where there is much incentive for companies to ramp up hiring at a time when there's so much uncertainty gripping the country," said **Bernard Baumohl**, chief global economist with the Economic Outlook Group.

**Mr. Baumohl**, who said the risk of a fall back into recession had certainly increased, said the most likely prospect was that the economy would continue in a "muddle through" phase. "I don't think we're going to see anything major happen in the labor markets until well into the fall," he said.