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## Unemployment up in May as job growth falls off

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The unemployment rate inched up to 8.2 percent in May as job growth fell sharply, according to government data released Friday morning, stoking fears that the recovery has stalled amid uncertainty over domestic policy and the fiscal crisis in Europe.

The Labor Department reported that the businesses added a meager 69,000 jobs last month — less than half the number economists had expected. It also revised its estimate of job growth in April down from 115,000 to just 77,000.

Economists had hoped that lackluster job numbers in recent months were merely the consequence of a statistical fluke. But Friday morning's data suggested something more like *deja vu*: The numbers are the weakest since last May, when the economy fell into a slump that lasted through the summer.

Signs of the slowdown appeared earlier this week when a key survey of businesses showed they hired fewer people than anticipated. The ADP National Employment Report showed a gain of 133,000 jobs last month — less than economists had expected. Most of the increase was driven by the service industry, while manufacturing and construction employment declined.

“The sharpness of the deceleration seems consistent with other incoming data suggesting the economy, weighed down by heightened uncertainty over the European financial crisis and by growing concerns about domestic fiscal policy, slowed early in the year,” said Joel Prakken, chairman of Macroeconomic Advisers, which helped compile the report.

The Labor Department’s weekly tally of people filing for unemployment benefits for the first time also dampened optimism. The number rose by 10,000 last week, to 383,000, while the previous week’s results were revised slightly upward.

Adding to the dour economic news were Commerce Department data showing that economic growth was slower than initially estimated. The agency revised first-quarter GDP growth down to a 1.9 percent annual rate, compared with the previously announced 2.2 percent rate.

“The domestic economy has repeatedly looked as if it was finally gaining traction, only to be beaten back again by the unique problems that keep surfacing during the recovery process,” said Steven Ricchiuto, chief economist at Mizuho Securities.

Economists also warned that rising tensions in the Middle East, particularly over Iran’s nuclear program, could push oil prices back up. That would dial back the gains in consumer spending as shoppers enjoyed some relief at the pump.

The uncertainty over the global economy has constrained domestic growth, said **Bernard Baumohl, chief global economist for the Economic Outlook Group.**

“These are periods that are very difficult to predict,” he said. “There is such a lack of clarity where the economy is heading that companies are apprehensive about significantly ramping up hiring.”