

## Steady job growth continues in US

The US created fewer jobs than expected in December, but analysts said that the dip in hiring was not enough to derail the world's biggest economy.

According to Labor Department figures, 157,000 new jobs were added last month. That took 2004's total to 2.2 million, the best showing in five years. Job creation was one of last year's main concerns for the US economy. While worries still remain, the conditions are set for steady growth in 2005, analysts said. The unemployment rate stayed at 5.4% in December, and about 200,000 jobs will need to be created each month if that figure is to drop.

"It was a respectable report," said Michael Moran, analyst at Daiwa Securities.

"Payroll growth in December was a little lighter than the consensus forecast, but we had upward revisions to the prior two months and an increase in manufacturing employment." "Manufacturing is a cyclical area of the economy and if it's showing job growth, it's a good indication that the economy is on a solid growth track." That means that the Federal Reserve is likely to continue its policy of raising interest rates. The Fed lifted borrowing costs five times last year to 2.25%, citing evidence the US economic recovery was becoming more robust.

Job creation was one of last year's main concerns for the US economy, and proved to be a main topic of debate in the US presidential election. While demand for workers is far from booming, the conditions are set for steady growth. "Overall, compared to the previous year it looks great, it just keeps going stronger and stronger and I expect that to be the case" in 2005, said Kurt Karl, economist at Swiss Re in New York. Meanwhile, economists cautioned against reading too much into data from the Federal Reserve showing an unexpected \$8.7bn drop in consumer debt in

November. A fall in consumer spending, which makes up about two-thirds of all US economic activity, could help limit the extent of any future interest rate rises. But economists said there could be a number of reasons for a fall in the borrowing, which include credit cards and personal loans, while noting that such figures can vary on a month-to-month basis.