

# BUSINESS

**Review and preview**

A look back at this week's top news events and a look ahead to what's happening next week

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FRIDAY'S CLOSINGS

▼ Dow Jones 9,907.26 (-12.74)

▼ Nasdaq 1,911.24 (-22.79)

▼ NYSE 575.76 (-2.74)

▼ S&P 500 1,122.20 (-8.00)

▼ 30-year bond yield

# Discouraged jobless stop the hunt

The unemployment rate fell because the labor force shrank.

The jobless rate dipped to 5.6 percent, a 0.2-percentage-point decrease from December; the Labor Department reported Friday. But that occurred because the labor force shrank by 924,000 — not because employment went up.

As a result, the government's official unemployment figure, which counts only those actively looking for jobs, fell to 7.9 million in January.

"People were so discouraged that they just stopped looking for a job and left the labor force, which is not a positive thing, and that understated the unemployment rate," said Stuart Hoffman, chief economist at PNC Financial Services Group. "It will take a while for the recovery to

reach Main Street in the form of more jobs."

Economists said the unemployment rate, considered a lagging economic indicator, will resume rising in the months ahead.

They predicted it would climb as high as 6.5 percent by June, hold steady for a while and then start to fall near the end of this year or the beginning of 2003 as the economic recovery gains momentum.

The ailing economy, which fell into recession in March, has forced production cutbacks and thousands of layoffs and taken a big bite out of corporate profits.

"Companies are not going to commit to adding workers until their bottom lines stabilize,"

said Carl Tannenbaum, chief economist at LaSalle Bank/ABN AMRO.

The Dow Jones industrial average closed down 12.74 or 0.1 percent, at 9,907.26, ending a two-session, triple-digit winning streak.

The losses were more significant for the technology-dominated Nasdaq composite index, which fell 22.79, or 1.2 percent, to 1,911.24. The Standard & Poor's 500 index dropped 8.00, or 0.7 percent, to 1,122.18.

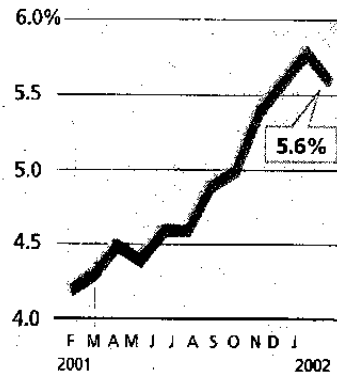
For the week, the indexes were mixed. The Dow rose 0.7 percent, the Nasdaq fell 1.4 percent and the S&P lost nearly 1 percent.

See **JOBLESS/8D**

## Unemployment

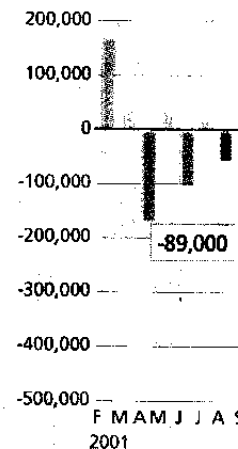
Unemployment rate for the past year.

Seasonally adjusted



Source: Department of Labor

## Change in non-farm employment.



BY JEANNINE AVERSA  
ASSOCIATED PRESS

WASHINGTON — Nearly 1 million discouraged people suspended their job searches in January, producing an unexpected drop in the nation's unemployment rate.

Even though there are mounting signs of an economic recovery, economists believe the rate will rise again as cautious companies delay rehiring laid-off workers.