

New Gallup Poll Shows Unemployment Rate At 10 Percent

October 20, 2010 - A new Gallup Poll on unemployment shows the nationwide unemployment currently stands at 10%; not 9.6% as claimed by the government. The monthly poll normally precedes the official government numbers by about two weeks. In this case, the number is important because the federal government is not set to release updated unemployment statistics until after the election on November 2nd.

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```

Gallup's methodology in determining unemployment numbers is different from the federal government's. The government numbers include adjustments for birth and death rates which skew the numbers in such a way that the reported unemployment rate looks better than it actually is. Even so, Gallup's numbers are normally a good indicator of what will happen when the government reports. In this case it is expected that the next government report will show a sharp increase in the number of unemployed, and that the official unemployment rate may jump as high as 9.9%.

The Gallup numbers also looked at those considered underemployed. People who fit into this category are either working part time but looking for full time work or they are making significantly less than they should be. When these people are included, the overall unemployment rate jumps to 18.6%; higher than the unemployment rate in 1931 during the Great Depression.

A wide variety of economists believe that things are going to get worse before they get better. There is still a great deal of uncertainty in the economy; much of it being driven by Congress which has yet to settle on tax rates for next year and its failure to pass a budget. If Congress doesn't pass a tax package soon, the largest tax hike in US history will take place on January 1st.

Continued uncertainty in the banking industry is also creating issues. A group of investors in mortgage backed securities has given notice to Bank of America that it expects the bank to fix problems associated with mortgage backed securities that they purchased. The securities involved are worth nearly \$50 Billion, and this is for just one bank and one group of investors. Spread across the entire industry, these types of suits could threaten the solvency of some of the nation's largest financial institutions; making it more difficult for both businesses and consumers to gain access to credit and making it difficult for businesses to expand.

The next release of official government data on unemployment is scheduled for November 5th.

by Jim Malmberg

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