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U.S. JOB GROWTH REBOUNDED IN SEPTEMBER

By Josh Mitchell
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U.S. job growth rebounded in September and the jobless rate slipped below 6%, suggesting the labor market is improving faster than previously thought and raising the prospect of an earlier-than-anticipated move by the Federal Reserve to raise interest rates.

Nonfarm payrolls grew a seasonally adjusted 248,000 last month, the fastest pace since June, the Labor Department said Friday. Revisions showed stronger job growth in prior months than previously estimated. The economy added 180,000 jobs in August instead of the initially reported 142,000. It created 243,000 in July, up from an earlier estimate of 212,000.

The unemployment rate, obtained from a separate survey of households, fell to 5.9% last month from 6.1% in August, hitting the lowest level since July 2008.

Friday's report suggested the labor market resumed the steady growth it posted in late spring and early summer after hitting a soft patch in August.

The figures are sure to weigh on Fed officials as they assess when the economy will be healthy enough to raise short-term interest rates. The Fed has kept its rate target pinned near zero since the recession to stimulate growth.

Unemployment, nearly five years after peaking at 10%, is approaching the 5.2%-to-5.5% range the Fed considers full employment. September's jobless rate is where officials projected it would be at the end of 2014.

Stronger job growth "continues to paint a picture of slack in the economy diminishing faster than the Fed has been expecting," economist John Ryding of RDQ Economics said in a note to clients. Referring to the Federal Open Market Committee, he said, "The need to hike rates sooner than the FOMC has been guiding is becoming clearer."

Many Fed officials have been considering a first rate increase in mid-2015. Fed Chairwoman Janet Yellen has said the central bank may move sooner than anticipated if the labor market improves faster than the Fed projected. The central bank is set to hold its next policy meeting Oct. 28-29.

Over the past three months, the economy added an average of 224,000 jobs, roughly in line with the average of 228,000 in the first six months of the year.

Stronger job creation has lifted hopes the economy will emerge from the subpar 2% growth pace of recent years and into a stronger phase. There are early signs of that happening.

Gross domestic product — the broadest measure of U.S. output — grew at a 4.6% annual rate in the second quarter, matching the fastest pace of the recovery. That partly reflected a rebound from a winter contraction. But many economists expect GDP growth to clock in near 3% in the third quarter, suggesting sustained momentum.

Despite the latest improvement, the report indicated slack remains in the labor market and pointed to persistent problems facing the world's largest economy. The share of Americans in the labor force fell again last month, hitting the lowest level in more than three decades. The labor-force participation rate fell to 62.7% from August's 62.8%. Before the recession, the rate stood at 66%.

Workers' wages remained stagnant. Average hourly earnings for private-sector workers fell a penny to $24.53. Earnings were up 2% compared with a year earlier, far slower than the gains seen before the recession.

More than five years after the recession, nearly 9.3 million workers were still searching for jobs in September. And 7.1 million were stuck in part-time jobs because they couldn't find full-time work.

A broader measure of unemployment, which includes involuntary part-time workers and Americans too discouraged to apply for jobs, fell by two-tenths of a percentage point to 11.8% in September, the lowest level since October 2008. During the last decade's expansion it hovered between 8% and 10%.

Last month's job growth came from a range of industries. Construction jobs increased 16,000 from August. Retailers added 35,000 jobs. Professional and business services climbed 81,000. Health care gained 23,000 positions. The manufacturing sector changed little.