FIRST TAKE JOBS REPORT

Disappointing growth masks positive signs

Mixed signals could dissuade Fed from raising interest rates in March

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USA TODAY

A disappointing employment report — just 151,000 jobs were added in January — was so chockfull of encouraging signs and mitigating factors that economists say it likely doesn't portend a weakening labor market.

Yet analysts say there are enough mixed signals in the monthly survey to help lead the Federal Reserve to pause again in March as it considers another interest-rate hike after lifting its benchmark rate in December for the first time in almost a decade.

The Fed's policymaking committee "will likely desire to see further evidence," Michael Gapen, chief U.S. economist of Barclays, wrote in a note to clients.

The 151,000 job gains marked a substantial slowdown from the average 279,000 monthly additions recorded in the fourth quarter. Those totals are from a survey of business and government establishments that feed into the headline job tally.

But a separate survey of households indicated employment increased by an eye-popping 615,000. Even after adjusting for revised annual estimates of the U.S. population, the ranks of workers increased by 409,000, according to Capital Economics. That caused the jobless rate to fall to 4.9% from 5%. The establishment survey is deemed a more reliable measure of employment, but the two surveys tend to converge over time, and it's not always clear which is a better gauge in any month.

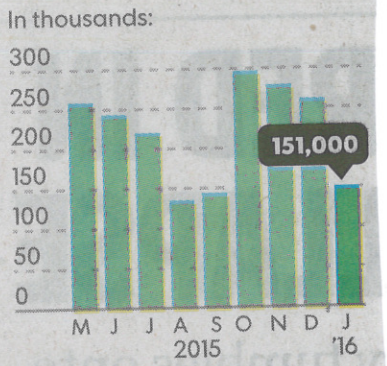
Another encouraging signal is that average hourly earnings jumped 12 cents and were up 2.5% the past year. Tepid wage growth of 2% or just above it has been the biggest source of frustration in the jobs recovery. But employers finally appear to be raising pay more rapidly to attract workers in a tighter market.

Meanwhile, there were plenty of excuses for the sluggish payroll gains in the establishment survey. Unusually warm weather inflated job growth late last year, so some payback in January was expected.

And while the big Northeast snowstorm hit after the Labor Department conducted its surveys, harsh weather still kept many workers home. The number of Americans who didn't work because of bad weather increased by 144,000, notes Jim O'Sullivan, chief US economist of High Frequency Economics.

Job growth in services sectors slowed, raising concerns the global troubles afflicting manufacturers may be spreading.

EMPLOYERS ADD 151,000 JOBS IN JANUARY



Note Numbers are seasonally adjusted
Source U.S. Bureau of Labor Statistics
JANET LOEHRKE, USA TODAY