January job gains show US recovery

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WASHINGTON — A resurgent job market in January signaled that the U.S. economy is finally regaining the kind of strength typical of a healthy recovery — with hiring accelerating, wages rising and people who had given up their job hunts starting to look again.

Freer-spending consumers and steady economic expansion have boosted hiring for the past three months to the most robust pace in 17 years.

In January, employers added 257,000 jobs, after 329,000 in December and a sizzling 423,000 jobs in November, the government reported Friday. The November and December gains were much higher than the government had first estimated.

"The labor market was about the last thing to recover from the Great Recession, and in the last six months it has picked up steam," said Bill Hampel, chief economist at the Credit Union National Association. "The benefits for the middle class are now solidifying."

The average hourly wage rose 12 cents to $24.75 in January, a jump of 0.5 percent — the sharpest since 2008. In the past year, hourly pay, which has long been stagnant, has risen 2.2 percent. That's well above inflation, which rose just 0.8 percent in 2014.

The accelerating job and pay growth now make it more likely that the Federal Reserve will begin raising the short-term interest rate it controls by midyear.

Paul Ashworth, chief U.S. economist at Capital Economics, predicts that the Fed will raise rates from record lows in June.

"Employment growth is clearly on fire, and it is beginning to put upward pressure on wage growth," Ashworth wrote in a research note. "The Fed can't wait much longer in that environment, particularly not when interest rates are starting at near zero."

Indeed, investors responded to the better-than-expected figures by selling U.S. Treasurys, sending yields up, a sign that many think a Fed rate hike might be more imminent than they thought before. The yield on the 10-year Treasury note rose to 1.94 percent from 1.81 percent shortly before the jobs report was released.

Stock investors appeared nervous about a Fed rate increase, which could pull down stock prices. The Dow Jones industrial average closed down 60 points, or 0.3 percent, to 17,824.

The unemployment rate rose last month to 5.7 percent from 5.6 percent. But that occurred for a good reason: More than 700,000 Americans — the most in six years — began looking for jobs. Not all of them found work, which swelled the number of unemployed. The influx of job hunters suggested that Americans have grown more confident about their prospects.

Fueling the burst of hiring has been a pickup in economic growth and falling gas prices that offered Americans more money to spend. The economy expanded at a 4.8 percent annual rate during spring and summer, the fastest six-month pace in a decade, before slowing to a still-decent 2.6 percent pace in the final three months of 2014.



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Job applicant Rafael Ferrer, 49, left, shakes hands with a representative of the Hilton Bentley Miami Beach hotel during a job fair at the Hospitality Institute on Friday in Miami.