Job gains solid, but salaries still lag

200,000-plus added for 6th straight month

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The labor market cranked out another strong month in July as employers added 209,000 jobs, but wage growth has yet to show the pickup economists expect.

The unemployment rate rose to 6.2% from 6.1%, the Labor Department said Friday, as 329,000 Americans, including many who had given up their job searches, surged into the labor force. That raised the total number counted as unemployed.

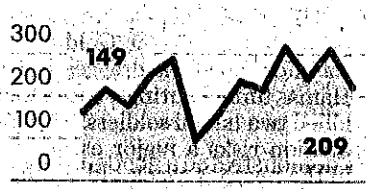
With payroll gains topping 200,000 for the sixth straight month — the longest such stretch since 1997 — economists are increasingly looking for an acceleration in wages to certify the job market has reached a level that can generate bigger paychecks and more consumer spending.

Hourly wages were virtually unchanged last month and are up just 2% the past year, in line so far with the feeble pace in the 5-year-old recovery and barely enough to keep pace with inflation.

MORE JOBS

The U.S. added more than 200,000 jobs for the sixth straight month in July, the longest streak since 1997.

Monthly non-farm job gains in thousands, seasonally adjusted:



Source Bureau of Labor Statistics from Haver Analytics

Economists still expect pay increases to ratchet higher the second half of the year. A broader measure of compensation that includes benefits increased in April through June at the fastest pace since 2008, the Labor Department said this week. Sectors such as leisure and hospitality, business services and construction already are hiking pay.

"We still expect wages to start accelerating as unemployment keeps falling," said Jim O'Sullivan, chief U.S. economist of High Frequency Economics, in a note to clients.

In July, businesses added 198,000 jobs, led by professional and business services, manufacturing, retail and construction. Federal, state and local governments added 11,000.

Job gains for May and June were revised up by a total 15,000.

Chris Williamson, chief economist at Markit, expects continued solid job growth the rest of the year, though he says companies remain cautious because of overseas political turmoil and concerns about the health care law. He foresees "some moderation in the rate of job creation" later in the year.

Some other labor market indicators were mixed in July. The number of Americans out of work at least six months rose by 74,000 to 3.2 million. The long-term unemployed still make up 33% of all the jobless.