Jobless rate falls to 5.6% in December

Best year for job growth since 1999

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Employers added 252,000 jobs in December as the labor market closed out a breakout year on a strong note, the Labor Department said Friday.

The unemployment rate fell from 5.8% to 5.6%, lowest since June 2008. But wages unexpectedly fell and annual pay increases remain modest despite surging job growth, tainting an otherwise encouraging report.

Investors reacted negatively. The Dow Jones fell 170.50 points to close at 17,737.37. The Standard & Poor's 500 and the Nasdaq composite also closed lower. Still, the report mostly beat estimates. Economists expected payroll gains of 240,000, according to their median forecasts.

Also encouraging is that job gains for October and November were revised up by 50,000. October's count was revised to 261,000 from 243,000 and November's to 353,000 from 321,000.

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Employers add 252,000 jobs, but wage growth is paltry. **5B**

Employers added an average 246,000 jobs a month in 2014, making it the best year since 1999.

Wages, however, fell after rising sharply in November. Average hourly earnings dropped 5 cents to $24.57 and are up just 1.7% over the past 12 months, below the meager 2% annual pace that has prevailed throughout the recovery.

The failure of wage gains to accelerate with a tumbling unemployment rate has been the biggest missing piece of the labor market's strong showing last year.

Also, the jobless rate declined sharply largely because 273,000 Americans stopped working or looking for work. That pushed down the share of Americans in the labor force to 62.7%, matching the historic low reached in September.

A more positive sign is that a broader measure of unemployment that includes part-time workers who prefer full-time jobs — as well as discouraged workers and the unemployed — fell to 11.2% from 11.4%.