# JUNE WAS BLOWOUT MONTH FOR JOBS

## Unemployment at lowest since 2008

**Paul Davidson**
@PDavidsonusat
USA TODAY

A blockbuster report Thursday on employment growth in June revealed a small but growing share of higher-paying jobs, an encouraging sign that eventually could mean stronger income gains for consumers.

Many of the 288,000 jobs added last month are concentrated in low-wage industries, consistent with payroll additions throughout the 5-year-old recovery. Retailers, for example, added 40,000 jobs, and leisure and hospitality added 39,000, including 33,000 by restaurants and bars.

But architectural and engineering services added 7,200 jobs — the most in more than two years. Employers also added a healthy share of accountants, computer professionals and management consultants. Payrolls for financial, insurance and real estate firms jumped by 17,000, the most since March 2012.

"We're starting to see a movement in the right direction," says Diane Swonk, chief economist of Mesirow Financial. "You're seeing some meat on the bones."

But, "it's still not enough to lift wages" more sharply, she says.

Earnings increased just 2% over the past 12 months, in line with gains thus far in the recovery. The growth of higher-paying jobs, along with a tightening labor market, should lead to bigger pay increases in coming months, according to Swonk and Bob Baur, chief global economist of Principal Global Investors.

The jobless rate fell to 6.1% vs. 6.3% in May. That's the lowest it's been since September 2008.

The economy has now gained at least 200,000 jobs a month for the past five months — the first such stretch since September 1999-January 2000.

In June, businesses added 262,000 jobs, with professional and business services, retail and health care leading the broad-based gains. Federal, state and local governments added 26,000.

Meanwhile, job gains for April and May were revised up by a total 29,000.

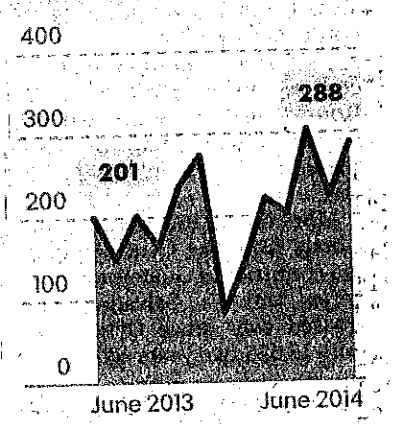
Baur says faster job growth is feeding a virtuous cycle, in which stronger payroll gains lead to higher consumer spending and further employment advances.

With the average workweek for manufacturing employees at a record high of 41.1 hours, he says that many businesses "are not going to have a choice but to add payroll" as sales strengthen.

Other labor indicators are improving as well. Initial claims for unemployment benefits have fallen to pre-recession levels, and surveys of service-sector employment are indicating a pickup in hiring. Outplacement firm Challenger Gray & Christmas said Thursday that announced job cuts are down 5% so far this year.

**JOBS ON THE RISE**

Change in non-farm jobs from preceding month, in thousands




**Source** Bureau of Labor Statistics from Haver Analytics

KARL GELLES, USA TODAY