U.S. gains 157K jobs



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U.S. employers added 157,000 jobs in January, and hiring was much stronger at the end of 2012 than previously thought, providing reassurance that the job market held steady even as economic growth stalled, according to Labor Department reports, Friday, Feb. 1, 2013.

Despite employment increase, jobless rate rises to 7.9 pct.

BY CHRISTOPHER S. RUGABER
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WASHINGTON — The U.S. job market is proving sturdier than expected at a time when the economy is under pressure from Washington gridlock and the threat of government spending cuts.

Employers added 157,000 jobs in January, and hiring was much stronger at the end of last year than the government had previously estimated.

The Labor Department's estimated job gains for the final two months of 2012 – a period when the economy was being threatened by the fiscal cliff – rose from 161,000 to 247,000 for November and from 155,000 to 196,000 for December.

The mostly encouraging jobs report Friday included one negative sign: The unemployment rate rose to 7.9 percent from 7.8 percent in December. The rate is calculated from a survey of households, and more people in that survey said they were unemployed.

The monthly job gains are derived from a separate survey of employers.

The hiring picture over the past two years also looked stronger after the department's annual revisions. The revisions showed that employers added an average of roughly 180,000 jobs a month in 2012 and 2011. That was up from previous estimates of about 150,000.

"The significantly stronger payroll gains tell us the economy has a lot more momentum than what we had thought," Joseph LaVorgna, chief U.S. economist at Deutsche Bank, said in a research note.

Stocks surged immediately after trading began at 9:30 a.m. Eastern time, an hour after the jobs report was released. The Dow Jones industrial average jumped 130 points and briefly touched 14,000 for the first time in more than five years, before falling back.

The employment report revealed a notable shift in the job market: More hiring by construction companies. They added 28,000 jobs in January and nearly 100,000 over the past four months. Those job gains are consistent with a rebound in home construction and a broader recovery in housing.

The solid hiring in retail, construction, restaurants and hotels suggested that such companies expect consumer spending to hold up in coming months.

"The strong and steady job gains from retail trade and construction look a lot more like a normal economic expansion," said Scott Anderson, chief economist at Bank of the West. "This is a sign that consumer spending is playing a far more important role in this expansion than it has so far."

The job market has remained steady despite pressure on the economy from the rift between President Barack Obama and Republicans over taxes and spending. Across-the-board spending cuts are set to kick in March 1.

Financing to run the government will expire by March 27, raising the threat of a government shutdown. And the federal borrowing cap must be raised by May 18 or the government could default on its debt.