

# US jobless rate falls to 7-year low; Fed move still unclear

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WASHINGTON — U.S. unemployment fell to a seven-year low of 5.1 percent last month, but hiring slowed — a mixed bag of news that offers few clues to whether the Federal Reserve will raise rock-bottom interest rates later this month.

The Labor Department report, issued Friday, was closely watched because it will be the last snapshot of the job market before the Fed meets in two weeks. And overall, it painted a picture of an economy growing at a modest but steady pace seven years after the Great Recession.

But it wasn't the unambiguous signal many on Wall Street were hoping for.

The unemployment rate fell from 5.3 percent in July to its lowest point since 2008 and is now at a level Fed officials say is consistent

with a healthy economy. But employers added a moderate 173,000 jobs in August, the fewest in five months.

"Anyone hoping today's data would clear up the timing of the Fed's first rate hike in years will be sorely disappointed," said Megan Greene, chief economist at John Hancock Asset Management.

Nevertheless, the prospect of higher interest rates weighed heavy on the stock market Friday, with the Dow Jones industrial average plunging 272 points, or 1.7 percent.

Higher rates rise would most likely push up borrowing costs for mortgages and other loans for consumers and businesses, and some on Wall Street fear that could put a damper on corporate profits and the larger economy.

The Fed cut the short-term rate it controls to a record low of nearly zero in Decem-



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**Workers paint the Julien Dubuque Bridge along U.S. 20 in Dubuque, Iowa, on Aug. 24. The U.S. government issued the August jobs report on Friday, citing the lowest unemployment rate in the last seven years.**

ber 2008 to try to stimulate growth during the Great Recession.

For months, Fed officials have been saying the economy appears to be getting

strong enough to tolerate the first increase in interest rates in a decade. They have signaled that they might raise rates at their Sept. 16-17 meeting.