The August 2014 jobs report was released on Friday morning, September 5, 2014. The “typically” considered unemployment rate fell slightly to 6.1% in August from 6.2% in July. But, as the following Wall Street Journal website article reported at 10:23am on Friday (roughly two hours after the August numbers were made public), it painted a somewhat gloomy portrait of the health of labor markets.
WASHINGTON—U.S. job growth slowed to its lowest level of the year in August, a stumble for labor markets that had delivered a string of steady gains over the prior six months despite uneven economic growth.

Nonfarm employment advanced a seasonally adjusted 142,000 last month, the Labor Department said Friday. That was below economists' expectations of an increase of around 225,000 jobs.

The unemployment rate, obtained via a separate survey of households, ticked down to a seasonally adjusted 6.1% in August from 6.2% in July.
Payroll gains have averaged 207,000 over the past three months. Revisions to earlier estimates for June and July showed that the economy added 28,000 fewer jobs than initially reported. For the first eight months of the year, the U.S. has added some 215,000 jobs a month, the best annual pace since hiring averaged 265,000 jobs every month in 1999.

"The main point of today's report...is it underscores our long-held view of growth without acceleration," said Steve Blitz, chief economist at ITG Investment Research Inc.

Some economists cautioned against reading too much into the headline, noting a tendency in recent years for the August survey to initially understate job gains. Other indicators of the labor market, including jobless-claims data or manufacturing-firm surveys, have hinted at improvement. Does Friday's report "signal a shift in the labor market? We're skeptical," said Neil Dutta, head of U.S. economics at Renaissance Macro Research LLC.

Stronger hiring should boost consumer confidence and the broader economy by lifting spending, but the U.S. economy so far has enjoyed uneven gains from broad-based job growth. While car sales in August enjoyed their best month since January 2006, home sales have been running below their year-earlier levels. Construction of rental housing has outpaced for-sale homes.

"Never before in U.S. history have so many new jobs done so little to boost household expenditures," said John Lonski of Moody's Capital Markets in a note distributed Thursday. The jobless rate has fallen 1.1 percentage points since August 2013, when it was 7.2%. Such a decline ordinarily would have provided "a major lift to consumer spending," he said.

And despite better job growth this year, government figures have so far offered little evidence that workers are seeing higher wages or that people who left the labor force during the recession are returning in large numbers.

Friday's report could take some pressure off the Federal Reserve, which has been looking for such evidence that excess slack is being whittled away amid a debate over when it might need to increase interest rates. "Over the past year, the unemployment rate has fallen considerably, and at a surprisingly rapid pace," said Fed Chairwoman Janet Yellen at her August speech during the annual economic symposium in Jackson Hole, Wyo.
The Fed has held short-term interest rates near zero since December 2008 to stabilize an economy scarred by the housing bust, financial crisis and recession. The central bank is on pace to end its bond-buying stimulus program next month and officials expect to begin raising rates sometime next year.

Interest-rate increases could come sooner than officials currently expect, Ms. Yellen said, “if progress in the labor market continues to be more rapid than anticipated.”

August's report showed some improvement. The number of people who had been out of work for more than six months fell by around 200,000 to just under 3 million. That is down from 4.3 million in August 2013. An additional 7.3 million people were working part-time jobs because they couldn't find full-time work, down from 7.5 million in July and 7.7 million one year earlier.

A broader measure of unemployment that includes those working part-time but who would like full-time jobs fell to 12% in August from 12.2% in July.

But that improvement was tempered by the fact that around 60,000 people dropped out of the labor force in August, pulling the labor-force participation rate down to 62.8%. That matched the lowest level since the late 1970s.

Wage growth showed mixed gains. Average hourly earnings for private-sector workers rose 2.1% from a year earlier in August, while hourly pay of production workers rose 2.5% on the year. The average workweek was unchanged at 34.5 hours for the sixth straight month.

In August, professional and business services added 47,000 jobs while employment in health care increased 34,000. Construction added 20,000 jobs, slightly ahead of the sector’s 12-month average.
But manufacturing employment was flat after adding 28,000 jobs in July. Car and auto-parts makers shed 4,600 jobs in August after experiencing above-average gains in July.

Retail, leisure and hospitality sectors also added fewer jobs than in recent months. That could reflect both the shutdown of several large casinos in Atlantic City, N.J., and a labor strike at a New England grocery chain that employs 25,000 people, economists said on Friday.

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