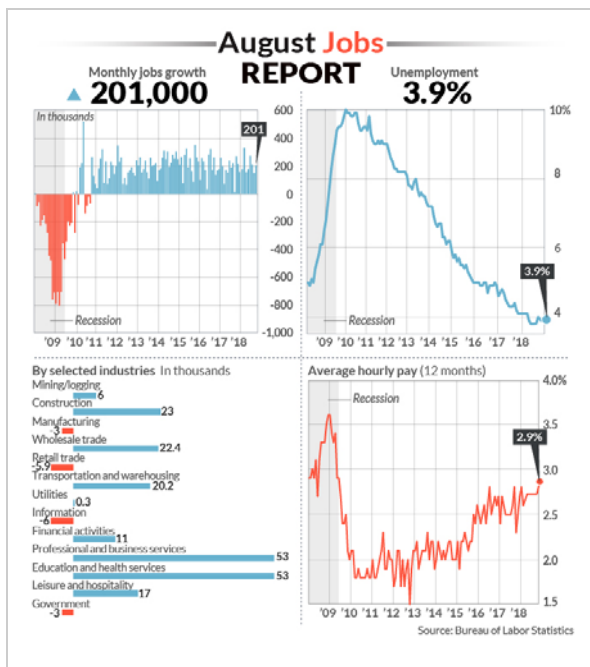


U.S. adds 201,000 jobs as worker wages accelerate to nine-year high

By [Jeffrey Bartash](#)

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Unemployment stays at 18-year low



The numbers: The United States created 201,000 new jobs in August, keeping the unemployment rate at an 18-year low and generating the fastest increase in worker pay since the end of the Great Recession.

Economists polled by MarketWatch had forecast a 200,000 increase in new nonfarm jobs.

The unemployment rate, meanwhile, was unchanged at 3.9%, [the Labor Department said Friday](#).

The increase in hiring in August was another solid gain that reflects broad strength in an economy that accelerated in the spring and showed little sign of slowing down toward the end of summer.

Read: [Don't believe stats showing zero gains for workers, Trump White House says](#)

The biggest news in the August employment report was a sharp increase in pay.

The average wage paid to American workers rose by 10 cents to \$27.16 an hour. What's more, the yearly rate of pay increases climbed to 2.9% from 2.7%, marking the highest level since June 2009.

Read: ['Nice pop' in wages called jobs report's best news as Fed readies rate hike](#)

What happened: White-collar professional firms filled 53,000 positions, bringing the total created over the past 12 months to more than half a million. These are the fastest growing jobs in the country.

Health-care providers hired 33,000 people, transport firms added 20,000 jobs and construction companies hired 23,000 workers.

Employment fell by 3,000 in manufacturing, the first decline in 13 months. U.S. tariffs and a scarcity of skilled laborers may finally be taking their toll.

Retailers also cut jobs.

Employment gains for July and June, meanwhile, were revised down by a combined 50,000, the Labor Department said Friday.

Still, the economy has produced an average of 207,000 new jobs a month so far this year — faster than the pace of hiring in both 2017 and 2016.

Big picture: The economy surged in the spring and is still growing rapidly as the fall approaches. Most companies are hiring and layoffs have tumbled to a nearly 50-year low.

Read: [Jobless claims fall to 203,000. They haven't been this low since Dec. 6, 1969](#)

Aside from a shortage of skilled labor, companies say their biggest problem is coping with a spate of higher U.S. and foreign tariffs that have raised the cost of key materials such as steel and lumber and made it harder to obtain supplies.

Read: [Most U.S. companies grow at sizzling pace in August despite tariffs, ISM survey finds](#)

The Federal Reserve is also raising U.S. interest rates and it's expected to increase them again at the end of September, especially in light of rising wages as shown in the August employment report. Higher pay could put more upward pressure on rising inflation.

Interest rates are still low enough that it's not bothering businesses all that much, though. The central bank had adopted a gradualist approach because inflation is still relatively mild by historical standards.

Consumers are feeling more of the brunt of inflation. Most if not all of the increase in pay over the past year has been eaten up by higher inflation. The cost of living as measured by the consumer price index has also climbed 2.9% in the past year.

What they are saying? "Today's strong economy is finally translating into wage gains for more workers," said Andrew Chamberlain, chief economist of the labor-market research firm Glassdoor.

"For now, the U.S. economy broadly remains on a solid growth path, the labor market included," said Jim Baird, chief investment officer at Plante Moran Financial Advisors. "As long as businesses remain upbeat in their outlook, hiring and the labor market should remain solid, and the economy should follow suit."

Market reaction: The Dow Jones Industrial Average [DJIA](#), -0.31% and the S&P 500 [SPX](#), -0.22% opened lower in Friday trades. The stock market has sputtered this week owing to lack of progress in trade talks between the U.S. and Canada after an initial burst of optimism.

The 10-year Treasury yield [TMUBMUSD10Y](#), +2.19% rose to 2.93%, in a reaction to the wage growth in the report.

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