

## Economy added 280,000 jobs in May, while unemployment ticked up to 5.5 percent



*Martell Gerald applies for a job at the Bank of America booth at the Congressional Black Caucus for The People Jobs Initiative career fair in Los Angeles.*

By Ylan Q. Mui: June 5, 2015

The labor market continued its resurgence in May, the government reported Friday, with the U.S. economy adding 280,000 jobs. The jobs number beat analysts' expectations of 225,000 jobs.

The unemployment rate went up a notch to 5.5 percent, but that increase was due to a rise in the number of people entering the workforce for the first time and looking for jobs.

The data from the Labor Department indicate that the U.S. jobs recovery is continuing at a decent clip, a sign that the economy has underlying strength despite other recent data showing the recovery in a slump. The estimate of job growth in March was revised up from 85,000 to 119,000, while April's tally ticked down from 223,000 to 221,000 jobs added.

"People have some confidence that they can get a job," Labor Secretary Tom Perez said in an interview. "These all point to an economy with the wind at its back."

The U.S. economy added more than 200,000 jobs for the second straight month, while the unemployment rate ticked up to 5.5 percent. The solid jobs report suggests the economy is rebounding from a weak winter quarter. (Reuters)

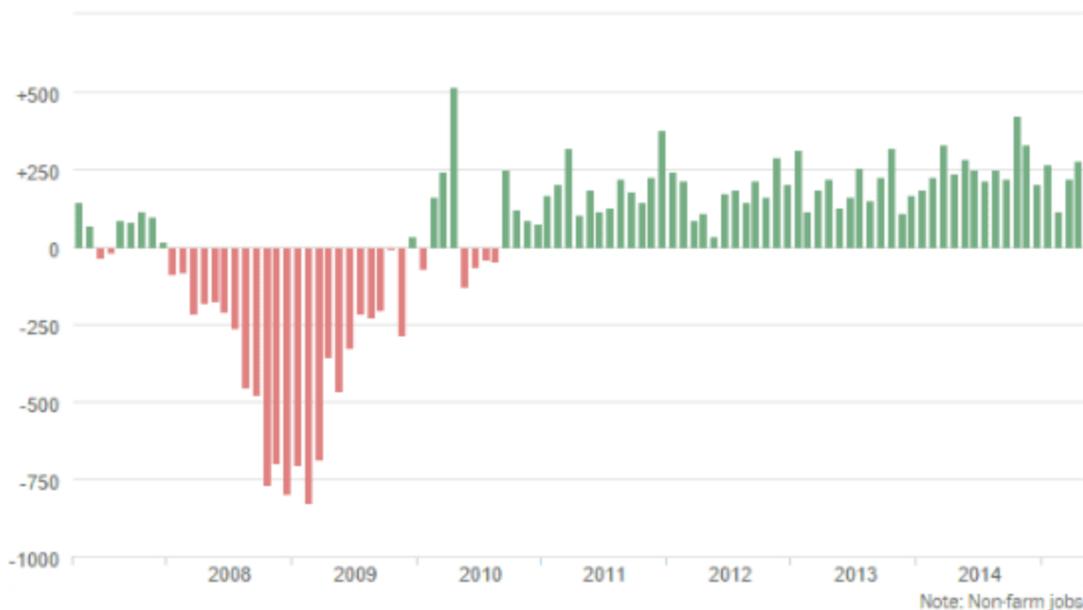


The sectors with the biggest job gains were professional and business services, adding 63,000 net new jobs, and leisure and hospitality, which added 57,000 jobs. The health care industry generated 47,000 jobs.

In addition, workers enjoyed solid wage gains in May. Average hourly earnings rose 8 cents to \$24.96, though the rate of growth compared to a year ago still hovers around 2 percent.

#### U.S. jobs gained or lost

In thousands, seasonally adjusted



The job market has become one of the bright spots in the country's economic recovery after spending years on life support. Jobs are being created at the fastest pace since the dot-com boom of the late 1990s, government data show. The number of people out of work for at least six months has dropped over the

past year, and there are signs that so-called underemployment -- people taking jobs that don't use all their skills -- is finally abating.

Analysts pointed to strong private readings of the labor market and falling unemployment claims to bolster their hopes for a solid jobs report Friday. Payroll processor ADP earlier this week predicted that the economy added 201,000 jobs in May, breaking a five-month streak of declining growth. Meanwhile, a separate report by the government Thursday showed the number of people filing for unemployment insurance for the first time dropped last week by 8,000 to 276,000 -- the fewest number since the early 2000s.

Robust hiring is helping to drive a recovery in the beleaguered real estate market, particularly in the West. The National Association of Realtors index of pending home sales for that region jumped 16 percent in April compared to a year ago. That helped push the national numbers to their highest level since the red-hot market of 2006.

"More people working means more income and more potential homeowners. More jobs also entail more office leasing and increased rental housing demand," NAR chief economist Lawrence Yun wrote in a blog post Thursday. "Nothing like jobs to support real estate."

Yet rapid job growth has not translated into a stronger economic expansion. Revised government data released last week showed the U.S. economy shrank during the winter months. Consumers curtailed their spending, a stronger dollar weighed on exports and bad weather and a strike at ports in the West Coast took the wind out of the recovery's momentum. Estimates of growth for the second quarter have been anemic.

"It would not be the first time this recovery has proceeded in fits and starts," Federal Reserve Gov. Lael Brainard said in a speech this week. "The underlying momentum of the recovery has proven relatively susceptible to successive headwinds, which have kept overall economic growth well below the average pace of previous upturns."

That is complicating the Fed's efforts to withdraw its support for the economy. The central bank has kept its key interest rate at zero for more than six years in an effort to boost spending, lending and investment. But amid an improved outlook for the economy, Fed Chair Janet Yellen has said she expects to begin raising that rate this year -- a move that could send waves not only throughout Wall Street but also influence the cost of a mortgage and other consumer credit.

Several Fed officials, along with the International Monetary Fund, are urging the central bank to wait until next year to hike rates.

\*\*\*\*\*