Economy Adds 155K Jobs; Unemployment Holds Steady

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WASHINGTON (AP) — U.S. employers added 155,000 jobs in December, a steady gain that shows hiring held up during the tense negotiations to resolve the fiscal cliff.

The solid job growth wasn't enough to push down the unemployment rate, which remained 7.8 percent last month, the Labor Department said Friday. The rate for November was revised up from an initially reported 7.7 percent.

The government also said hiring was stronger in the previous month than first thought. November's job gains were revised up 15,000 to 161,000. October's increase was nearly unchanged at 137,000.

The "gain is perhaps better than it looks given that firms were probably nervous about adding workers with the fiscal cliff looming," said Paul Ashworth, an economist at Capital Economics.

Robust hiring in manufacturing and construction fueled the December job gains. Construction firms added 30,000, the most in 15 months. That increase likely reflected hiring needed to rebuild after Superstorm Sandy and also gains in home building that have contributed to a housing recovery.

Manufacturers added 25,000 jobs, the most in nine months.

Other higher-paying industries also added jobs. Professional and business services, which include jobs in information technology, management and architecture, gained 19,000. Financial services added 9,000, health care 55,000.

Lower-paying industry sectors were mixed. Restaurants and bars added 38,000 jobs. Retailers cut 11,300, a sign that the holiday shopping season may have been weak. But those cuts came after three months of strong gains.

All the job gains last month came from private employers. Governments shed 13,000 jobs, mostly in local school systems.

Hiring still isn't strong enough to quickly reduce still-high unemployment. For 2012, employers added 1.84 million jobs, an average of 153,000 jobs a month, roughly matching the job totals for 2011.

But the stable hiring last month shows that employers didn't panic during the high-stakes talks between Congress and the White House over tax increases and spending cuts that weren't resolved until New Year's.

That's an encouraging sign for the coming months, because an even bigger federal budget showdown is looming. The government must increase its $16.4 trillion borrowing limit by around late February or risk defaulting on its debt. Republicans will likely demand deep spending cuts as the price of raising the debt limit.

Friday's report did point to some weakness in the job market. For example, the number of unemployed actually rose 164,000 to 12.2 million. Approximately 192,000 people entered the work force last month, but most of them didn't find jobs.

The unemployment numbers come from a government survey of households; the number of jobs added each month comes from a separate survey of businesses.

A broader category that includes not only the unemployed but also part-time workers who want full-time jobs and people who have given up looking for work was unchanged in December at 22.7 million.

Despite still-modest job growth, the economy is improving. Layoffs are declining. And the number of people who sought unemployment aid in the past month is near a four-year low.

The December jobs report showed that hourly pay is staying slightly ahead of inflation. Hourly wages rose 7 cents to $23.73, a 2.1 percent increase compared with a year earlier. Inflation rose 1.8 percent over the same period.

The once-depressed housing market is recovering. Companies ordered more long-lasting manufactured goods in November, a sign that they're investing more in equipment and software. And Americans spent more in November. Consumer spending drives nearly 70 percent of economic growth.

Manufacturing is getting a boost from the best auto sales in five years. Car sales jumped 13 percent in 2012 to 14.5 million. And Americans spent more at the tail end of the holiday shopping season, boosting overall sales that had slumped earlier in the crucial two-month period.

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