**Era of big monthly job gains appears over, and economists say that's a good thing**

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WASHINGTON — The era of monthly payroll gains of at least 200,000 appears to be over after the Labor Department reported that job growth was lackluster again in September, but economists said that's a good thing.

Although the 156,000 net new jobs added last month was down from August and a bit below analysts' expectations, wage growth was solid and the labor force continued to expand.

Those are signs of a healthy labor market as more people come off the sidelines to look for jobs and employers have to boost pay to lure and retain workers, experts said.

So Friday's jobs report, which economists described as solid or steady, probably keeps the Federal Reserve on track to raise a key interest rate again before the end of the year.

The revisions mean that the average job gains this year have been about 178,000 a month, well below last year's pace of 229,000.

In addition, the unemployment rate ticked up to 5 percent last month, the highest since April.

That was the bad news and added more fuel to Republican criticism of the economy as Election Day approaches.

David Malpass, senior economic adviser to Republican presidential nominee Donald Trump, called Friday's jobs report "weak" and a sign that the policies of President Barack Obama and Democratic nominee Hillary Clinton were failing the nation's workers.

"Americans desperately need more jobs and new economic policies, not the same-old, same-old offered by the Clinton campaign," Malpass said.

Clinton senior policy advisor Jacob Leibenluft said the report "shows that the economy continues to create jobs and that wages continue to grow — but more work needs to be done."

Clinton's policies "would lead to real job growth, while Trump's would risk another recession," Leibenluft said.

The White House emphasized continued job growth and improving wages. And economists pointed to some key reasons why they thought the report was positive.

"The labor market is getting tighter. That's good news, so we shouldn't expect job growth of 200,000 per month," said Gus Faucher, deputy chief economist at PNC Financial Services Group.

"The slowing in job growth from 2015 is expected," he said. "It's consistent with a labor market that is approaching full employment."

Labor Secretary Tom Perez said he predicted in January that job growth would be slower this year as the labor market improved.

"As you get closer and closer to the summit of the mountain of full employment, you start to see trade-offs between the number of jobs you gain in a given month and wage growth," he said.

But he cautioned that "we're not at the summit and I don't see the summit in sight."

"I still believe we have more progress we can make," Perez said.

Last month's job growth was down from an upwardly revised 167,000 in August. In addition, the Labor Department lowered the jobs total for July by 23,000.

The economy needs only about 80,000 to 100,000 jobs a month to keep up with growth of the population and labor force, so job gains above that level are enough to continue to eat into unemployment.

The unemployment rate increased because the labor force expanded by about 444,000 people.

"Unemployment is up largely for good reasons," said Andrew Chamberlain, chief economist at Glassdoor, an online job search and recruiting website.

The percentage of adults participating in the labor force ticked up last month to 62.9 percent. That's the highest since February, although it remained near a 40-year low.

But the biggest reason economists were upbeat about the September jobs report was a pickup in wage growth.

Average hourly earnings increased by 6 cents to $25.79 after just a 2 cent increase in August.

For the 12 months through Sept. 30, average hourly earnings have risen 2.6 percent, well above the low inflation rate and an improvement over the annual pace through the end of August.

"Healthy payrolls are better than surging payrolls," was the headline on a research note from Swiss bank UBS.

Chamberlain said there are fewer available workers competing for every open job and that is forcing employers to raise pay.

"Employers use pay raises as a last resort," he said. "You only start to see large gains when unemployment gets very low. As employers start to run out of talent pools and start to poach people from other companies they do that with pay raises."

Job growth in the good-paying construction industry rebounded last month, with employers adding 23,000 net new jobs after shedding 5,000 in August.

Perez noted about three-quarters of September's net job gains were in three higher-wage sectors: construction, healthcare and business and professional services.

The mining industry, hit hard by low oil prices, continued to stabilize. Employment in the mining and logging sector was unchanged in September; the first time in two years those employers had not shed jobs.

But another key sector, manufacturing, had another rough month as the strong dollar has made U.S. exports more expensive abroad. Factory payrolls decreased by 13,000 in September, after a 16,000 decline the previous month.

Fed officials are closely watching the jobs reports this fall to determine if the economy is strong enough for another interest rate hike.

Three of the 10 voting members of the policymaking Federal Open Market Committee wanted to inch the rate up by 0.25 percentage point at their meeting last month.

Although the committee's official statement said the case for a rate hike "has strengthened," they wanted to "wait for further evidence" that the economy — particularly the labor market — was continuing to improve after a disappointing August jobs report.

Loretta J. Mester, president of the Federal Reserve Bank of Cleveland, was one of the policymakers who preferred to raise the rate in September. And she said Friday that the latest jobs news was "very consistent with what we expected to see."

"It's a solid labor market report," she told CNBC.

Fed Chair Janet Yellen said that the central bank was likely to enact another small increase in the benchmark federal funds rate this year "if we continue on the current course of labor market improvement and there are no new major risks that develop" in the economy.

The Fed's next meeting is set for Nov. 1-2, but analysts don't expect a rate hike then because it is just days before the presidential election. A desire by the independent central bank to appear nonpartisan has meant the Fed rarely enacts rate increases in the weeks before an election.

The final meeting of the year is scheduled for Dec. 13-14. If Fed policymakers wait until then to decide, they will get to see two more jobs reports as they try to assess the state of the labor market.

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