

U.S. employers add 147,000 jobs in June

Unemployment rate dipped last month

BY PAUL WISEMAN

THE ASSOCIATED PRESS

WASHINGTON>> U.S. employers added 147,000 jobs in June as the American labor market continues to show surprising resilience despite uncertainty over President Donald Trump's economic policies. The unemployment rate ticked down to 4.1% from 4.2% in May, the Labor Department said Thursday.

Hiring rose modestly from a revised 144,000 in May and beat economists expectations of fewer than 118,000 new jobs and a rise in the unemployment rate

The U.S. job market has cooled considerably from the red-hot days of 2021-2023 when the economy bounced back with unexpected strength from COVID-19 lockdowns and companies were desperate for workers. So far this year employers have added an average 130,000 jobs a month, down from 168,000 in 2024 and an average 400,000 from 2021 through 2023.

And, according to the data released Thursday, it's getting harder to find a new job if you lose one.

But the June numbers were surprisingly strong. Health care jobs increased by 39,000. State governments added 47,000 workers and local governments 33,000. But the federal government lost 7,000, probably reflecting Trump's hiring freeze. Manufacturers shed 7,000 jobs.

Labor Department revisions added 16,000 jobs to April and June payrolls. The number of unemployed people fell by 222,000.

Average hourly wages came in cooler than forecasters expected, rising 0.2% from May and 3.7% from a year earlier. The year-over-year number is inching closer to the 3.5% year-over-year number considered consistent with the Federal Reserve's 2% inflation target.

"On net, it was a good report," said Sarah House, senior economist with Wells Fargo, "But when you dig underneath, the surface it was another jobs report that didn't look quite as good as first meets the eye."

Private companies, for instance, hired just 74,000 workers, down from 137,000 in May and the fewest since last October when hurricanes disrupted the job market. State and local governments added nearly 64,000 education jobs last month — a total that may have been inflated by seasonal quirks around the end of the school year.

The U.S. labor force — the count of those working and looking for work — fell by 130,000 last month following a 625,000 drop in May. Economists expect Trump's immigration deportations — and the fear of them — to push foreign workers out of the labor force.

Hiring decelerated after the Fed raised its benchmark interest rate 11 times in 2022 and 2023. But the economy did not collapse, defying widespread predictions that the higher borrowing costs would cause a recession. Companies kept hiring, just at a more modest pace.

Employers are now contending with fallout from Trump's policies, especially his aggressive use of import taxes — tariffs.

Mainstream economists say that tariffs raise prices for businesses and consumers alike and make the economy less efficient by reducing competition. They also invite retaliatory tariffs from other countries, hurting U.S. exporters.

The erratic way that Trump has rolled out his tariffs — announcing and then suspending them, then coming up with new ones — has left businesses bewildered and hesitant to make decisions about hiring and investment.

House at Wells Fargo expects monthly job growth to fall below 100,000 in the second half of the year. "We're bracing for a much lower pace of job growth," she said. "There's still a lot of policy uncertainty."

Still, the upside surprise in June payrolls likely will encourage the Fed to continue its wait-and-see policy of leaving rates unchanged until it has a better idea of how Trump's tariffs and other policies will affect inflation and the job market. The Fed cut rates three times last year after inflation cooled but has turned cautious in 2025.

"Today's results are more than positive enough to reduce expectations for Fed rate cuts in the wake of tariffs and policy chaos, at least for now," Carl B. Weinberg, chief economist at High Frequency Economics, wrote in a commentary.

With unemployment low, most Americans enjoy job security. But as hiring has cooled over the past couple of years it's become harder for young people or those re-entering the workforce to find jobs, leading to longer job searches or longer spells of unemployment.

The Labor Department said the number of discouraged workers, who believe no jobs are available for them, rose by 256,000 last month to 637,000.

When he was laid off earlier this year from his job as a communications manager for a city government in the Seattle area, Derek Wing braced for the worst. "The word I would use is: 'terrifying' ' to describe the experience, he said. Lots of big local employers like Microsoft continue to cut jobs. And he'd heard horror stories of people applying for jobs and then — crickets. "I had a couple of experiences where I would apply for a job and just feel like it was going out into the ether and never hearing back," he said.

But Wing's fortunes turned quickly. He applied for an opening with Gesa Credit Union. "When I saw the job, it immediately felt right," he said. "I actually told my wife: 'This is the job I want.'" Six weeks later — "superfast in this economy" — he had a job as a communications strategist for Gesa.