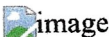


Food services and drinking places saw an increase of 59,000 jobs.



U.S. Hiring Bounces Back

BY JUSTIN LAHART

The U.S. added 162,000 jobs in August, the Labor Department reported Friday, a much- stronger- than- expected result that suggested the labor market shook off its early-summer doldrums.

The unemployment rate stayed steady at 4.1%, at a his-torically low level that indi --cates the labor market remains generally healthy.

Economists polled by The Wall Street Journal had forecast the report would show the economy gained just 53,000 jobs. The unemployment rate was in line with their expectations.

The jump in jobs came in part from rebounds in restaurant and in local-education employment that many economists viewed as one-off factors. But the U.S. has added an average of 80,000 jobs a month so far this year, which compares with monthly growth of 10,000 jobs in 2025.

"We don't have a problem in the labor market," said Joe Brusuelas, chief economist at RSM.

Hiring had weakened considerably in June and July, and so the August job gains helped dispel concerns that the labor market had re-en-

tered a period of cooling.

Still, workers' pay has been lagging behind inflation, raising concerns that consumer spending could be challenged in the months ahead.

The hotter-than-expected jobs report sent stock prices and short-term bond prices lower on Friday, as investors boosted bets on a rate hike from the Federal Reserve later this month. The Dow Jones Industrial Average fell 272 points, or 0.5%, while the S&P 500 fell 0.4% and the Nasdaq composite slipped by 0.3%.

The 2-year Treasury yield, which often rises and falls with traders' expectations for short-term rates set by the central bank, rose to 4.379%. Yields on the 10- and 30-year Treasuries also ended the day higher.

Federal Reserve officials had already made clear that inflation data, more than anything else, would help them decide whether or not to raise rates in September. Even if the strong August employment report doesn't change that calculus, it does remove an objection to raising rates.

The Labor Department's consumer inflation report comes out next Friday.

President Trump, in a post on Truth Social, again pressured the central bank to lower rates rather than raise them. "The Fed Board, with its great new leader, must get smart – BE PATRIOTS for a change," Trump, a Republican, wrote.

The jobs counts for both June and July were revised higher in Friday's report. The Labor Department now says that the economy added 21,000 jobs in July, rather than losing 23,000 jobs. June's jobs gain was revised up to 31,000 from 20,000.

Average hourly earnings rose 3.1% from a year earlier, indicating that pay continues to struggle to keep up with inflation. Consumer prices were up 3.4% from a year earlier in July. Because people's inflation-adjusted, or real, wages are close to zero, their ability to spend is getting challenged, said EY-Parthenon chief economist Gregory Daco.

"We expect to see consumer spending growth to be capped over the coming months," he said.

High gasoline prices continue to strain budgets. A gallon of regular averaged \$4.07 nationally in August, according to AAA, versus \$3.95 in July. On Friday, it averaged \$4.15.

The job gains were broadbased.

Food services and drinking places were a standout, with an increase of 59,000 jobs. The sector had shed 17,000 jobs over the prior two months.

Similarly, local government education gained 42,000 jobs after losing 58,000 jobs the prior month.

Manufacturing was among the sectors registering job gains, as was healthcare. The information and finance sectors shed jobs. While economists are divided over how artificial intelligence will affect the job market, those sectors are generally viewed as among the most exposed to the technology.

Overall, the job market remains enmeshed in an environment where employers aren't letting many people go, but also seem reluctant to bring new workers on. Initial claims for unemployment benefits, for example, are near their lowest levels on record, but Labor Department figures released earlier this past week show that hiring rates are also depressed.

As a result, people who are secure and happy in their work have little to worry about. But for people who are trying to break into the job market, such as college graduates, or those looking for a change, it is challenging. In an August Gallup poll released earlier this past week, only 34% of respondents said it was a good time to find a quality job.

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