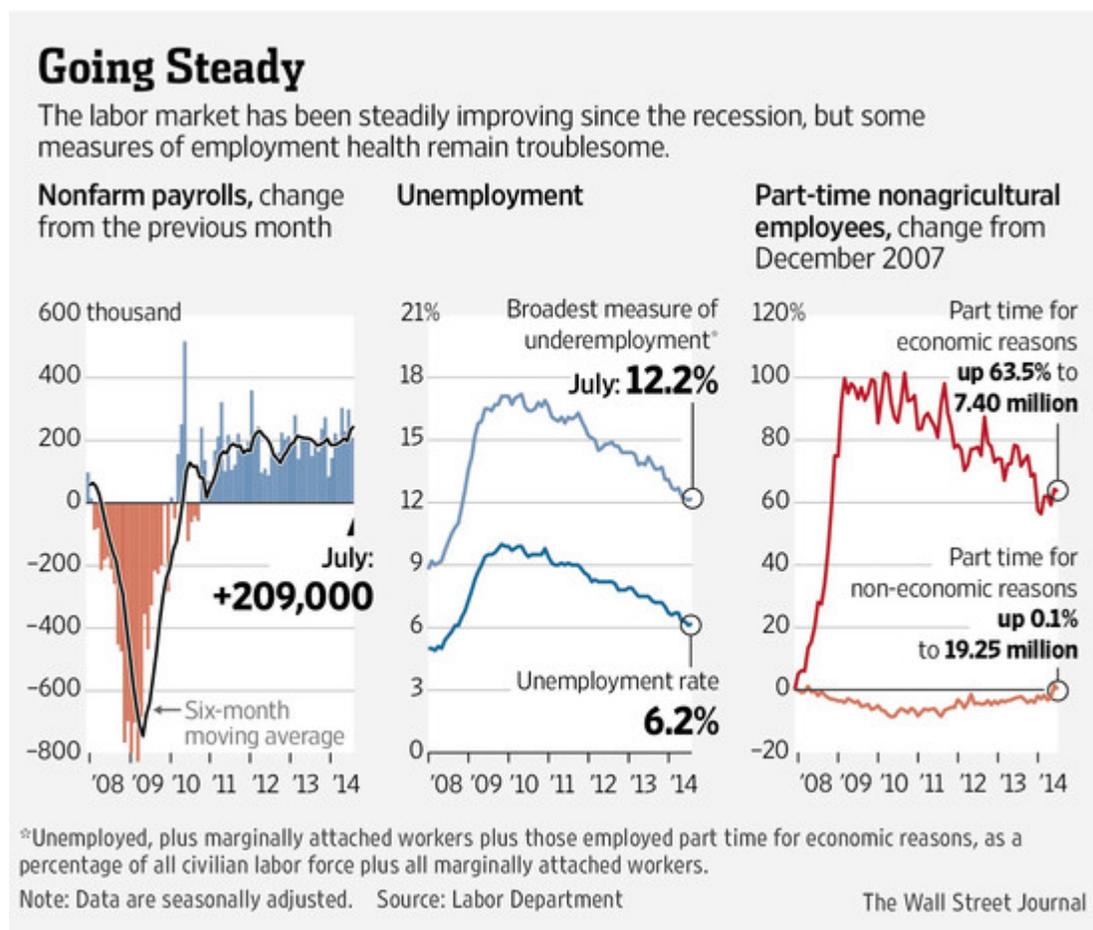


ECONOMY

Hiring Settles Into Steady Gains

by Ben Leubsdorf Updated Aug. 1, 2014 6:55 p.m. ET

July Growth Contributes to Strongest Six-Month Stretch Since 2006; Wages and Unemployment Still Soft



U.S. businesses added jobs at a sturdy pace last month, extending the most robust stretch of hiring since before the recession.

The question now: Is this the beginning of a breakout in hiring that will lift wage growth and finally bring unemployment down to levels consistent with a healthy economy?

In all, employers ranging from retail stores and professional offices to factories and construction sites last month added a total of 209,000 jobs, when adjusted for seasonal factors, the Labor Department said Friday.

That marked a downturn from the 298,000 jobs created in June, but was more than enough to yield the strongest six months of payroll gains since 2006. July was the first time since 1997 that employers added 200,000 or more jobs in six consecutive months.

Many scars from the financial crisis remain: 9.7 million Americans are out of work, and wage growth—closely watched by the Federal Reserve and others—didn't budge last month. Average hourly earnings for private-sector workers rose just 2% in July over last year, in line with the sluggish trend since the recession.

Wage growth should accelerate as the labor market tightens, [UBS UBSN.VX +0.43%](#) chief U.S. economist Maury Harris said, "but the data don't show it yet."

Still, the July numbers gave more evidence of healing across wide swaths of the labor market. Even an uptick in the unemployment rate—to 6.2%—was in part a sign of vigor as more people are now seeking work.

The jobs recovery has been markedly uneven, a dynamic that promises to weigh on consumers and keep the Fed—which has kept short-term interest rates near zero since December 2008 to bolster the U.S. economy through a financial crisis, a deep recession and a lackluster recovery—on alert.

Fed Chairwoman [Janet Yellen](#) last month told lawmakers the Fed had been fooled before by "false dawns" and officials "need to be careful to make sure the economy is on a solid trajectory before we consider raising interest rates."

One beneficiary of the recent upswing is Breona Jenkins, a 22-year-old who graduated in May from Georgia Institute of Technology.

Ms. Jenkins was so sure about the high demand for workers in her field of industrial engineering that she turned down a job offer—twice.

She had her heart set on working at the Walt Disney Co., where she had been an intern during college, and her patience paid off. She starts Monday.

"I saw a lot of my classmates, most of my friends, getting positions at companies even late, right up to graduation," Ms. Jenkins said. "I wasn't concerned that I wouldn't find a position."

Many companies are feeling upbeat, too.

DC Group, which installs and maintains power systems for data centers and other clients, is expanding its Minneapolis headquarters and hiring people to fill it. The company has hired 35 workers so far this year and plans to add 45 positions by the end of 2014, Chief Executive Jon Frank said.

Mr. Frank said strong sales growth over the past four years helped convince him to ramp up hiring. "I know when the customers are coming," he said.

The national unemployment rate ticked up in July partly because more people started looking for jobs and were counted as unemployed, while they previously hadn't been counted as part of the workforce at all. The labor-force participation rate remained near its lowest level in decades, but its decline has leveled out and it edged up last month to 62.9% from 62.8% in June.

A third of America's unemployed—3.2 million people—have been out of work for more than six months. An additional 7.5 million people were working part-time jobs last month because they couldn't find full-time work. A broad measure of unemployment that includes those part-timers and people marginally attached to the labor force was 12.2% in July.

Adults with a college degree enjoyed a 3.1% unemployment rate, while people without a high-school diploma faced unemployment of 9.6%.

Martha Velazquez, 51, was laid off from her job as an administrative assistant last September. She has been looking for a new job, but it hasn't been easy. At one recent interview, she said her "not very good" credit rating became an issue.

Her unemployment benefits ran out in April. She couldn't make rent and moved in with her sister in Whittier, Calif. Her car was repossessed. At this point, she just needs a job. "It doesn't matter the pay, really," Ms. Velazquez said.

Hiring in July wasn't limited to traditionally low-wage fields. Manufacturers added 28,000 jobs and government payrolls grew by 11,000. The professional and business services sector led the way, adding 47,000 jobs last month.

ServiceSource International Inc., a San Francisco-based company that helps tech and other companies manage revenue, employs about 700 people at its sales office in Nashville, Tenn. It's in the process of hiring an additional 100 workers there.

"We grow as our customers grow," Chairman and CEO Mike Smerklo said. "Tech-enabled organizations and health-care technology companies continue to grow and expand, and we benefit from that."

Some job hunters are starting to see the trickle-down effect of an improving job market. Alex Spicker graduated from college with a bachelor's degree in chemistry in 2010, when the unemployment rate was near its recession high-water mark of 10%. "The market was not good, even for very technical degrees," he said.

He worked in restaurants, did some traveling and eventually went to business school. He graduated from Arizona State University in May and started a new job, as a supply-chain analyst for Intel Corp., in mid-June.

These days, the 27-year-old said, people like him with M.B.A.s are "well matched to the jobs that are available."

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