USA TODAY

Jobs report today: U.S. added booming 256,000 jobs in December, unemployment at 4.1%

Paul Davidson, USA TODAY Fri, January 10, 2025

U.S. employers added a booming 256,000 jobs in December, shrugging off high labor costs, slowing sales and uncertainty about President-elect Donald Trump's economic policies.

The unemployment rate fell from 4.2% to 4.1%, the Labor Department said Friday.

Economists surveyed by Bloomberg had estimated that about 165,000 jobs were added last month, based on their median forecast.

Employers added 2.2 million jobs for all of 2024, or an average 186,000 a month. That's down from 3 million, or an average 251,000 a month, in 2023 but still a surprisingly strong showing. Most forecasters expected a sharper slowdown, believing inflation and high interest would take a bigger toll and a post-pandemic rebound in economic activity would fade more dramatically.

How is the job market right now?

December ostensibly marked a return to a more stable labor market after Southeast hurricanes and worker strikes hammered employment totals in October, leading to higher-than-normal payroll gains the following month.

But some additional recovery from the storms may have continued to bolster job growth last month in industries such as construction and leisure and hospitality, economist Nancy Vanden Houten of Oxford Economics wrote in a note to clients.

Retail was another wild card. Holiday hiring was relatively weak this past fall, in part because of consumers' shift to online shopping, resulting in job losses for retailers after Labor seasonally adjusted the figures. That development also may have suppressed December payrolls in sectors such as retail, trucking and warehousing, Vanden Houten said.

At the same time, the late Thanksgiving probably contributed to November's soft holiday hiring and so a larger share of new seasonal workers likely were counted in last month's jobs survey, Goldman Sachs wrote in a research note. That could have boosted December employment totals, Goldman said.

Will the job market get better in 2025?

More broadly, job growth is expected to slow this year. Consumers' post-pandemic burst of demand is fading, but businesses are still saddled with high labor costs due to outsize raises during COVID-related labor shortages. That's squeezing profit margins.

And uncertainty over President-elect Donald Trump's policies is causing many employers to stand pat for now. His vows to impose hefty tariffs on certain imports and deport millions of immigrants who lack permanent legal status could reignite inflation, dampen consumption and constrain the labor force, said economist Dante DeAntonio of Moody's Analytics.

Yet his pledge to loosen regulations on companies and work with Congress to extend and expand tax cuts could embolden firms to step up hiring and investment. Many businesses are waiting to see how the policies play out before moving ahead with hiring plans, DeAntonio said.

Although hiring has hovered below pre-pandemic levels for months, net job gains have remained sturdy because businesses have been reluctant to lay off workers in large numbers while consumer spending growth, though slowing, is still solid.

But by the end of the year, the immigration crackdown – along with baby boomer retirements - is expected to constrict the supply of workers and push up wages and prices while tariffs also drive inflation higher. Tax cuts, meanwhile, aren't expected to juice the economy until 2026. Moody's predicts average monthly job growth will slow to 100,000 by the end of 2025.