Signs point to rising wages

Market almost back to normal, pushing Fed closer to rate increase

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WASHINGTON — Is the U.S. job market finally healthy enough to lift Americans' long-stagnant pay?

Some tantalizing signs have suggested that wages are beginning to pick up after barely moving in the 6 1/2 years since the recession officially ended. On Friday, the government's job report for November should offer some clues about whether the modest pay gains will continue.

By many measures, the job market is nearly back to normal. The unemployment rate is 5 percent, down from its10 percent peak in 2009. Employers have added a robust average of 206,000 jobs a month this year, more than enough to keep lowering the jobless rate over time.

Economists have forecast that Friday's report will show that 200,000 more jobs were added last month and that the unemployment rate remained at 5 percent, according to data firm FactSet.

Even if hiring falls far short of those numbers, the Federal Reserve is widely expected to raise the short-term interest rate it controls for the first time in nine years after its next policy meeting Dec. 15-16. Friday's job report will be the last one the Fedwillseebeforethatmeeting.

Federal Reserve Chair Janet Yellen told Congress on Thursday that economic conditions appear to be improving enough for policymakers to raise interest rates when they meet — as long as there are no major shocks that undermine confidence.

Asked about the upcoming unemployment report, Yellen said the Fed will be watching for "a continued solid trend of job creation" that would indicate the economy has good momentum going forward.

But given the significant gains the job market has made in recent years, the Fed probably won't be dissuaded from a rate hike later this month no matter what Friday's report says.

"It is hard to imagine how weak [the report] would have to be for the Fed to reverse course," said Drew Matus, an economist at UBS.

Even so, wage growth has remained perhaps the job market's biggest weakness since the recession ended. Average hourly pay has grown at only about two-thirds of the pace typical of a healthy economy. Some economists point to the lagging pay as evidence that the job market isn't as healthy as the low unemployment rate would suggest.