



By Paul Davidson, USA TODAY *January 12, 2014*

Many economists still expect the job market to pick up steam next year despite Friday's disappointing report on December payroll gains that was likely skewed by cold weather.

"To be brutally honest, the latest employment release deserves to be dismissed on the spot," **Bernard Baumohl, chief global economist of the Economic Outlook Group**, wrote in a research note.

The economy added just 74,000 jobs last month, the Labor Department said, fewest since January 2011. Monthly job gains had been averaging more than 200,000 from August through November.

Mark Zandi, chief economist of Moody's Analytics, says the December jobs number will likely be revised upward sharply over the next two months as more employers respond to the Labor Department's survey. And in 2014, he expects average monthly job gains of 225,000 as the housing recovery gains momentum and the effects of government spending cuts ease. That's well above the 183,000 monthly pace of both 2012 and 2013.

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Severely cold weather in much of the nation appeared to have played a role in the weak December report. In the household survey, which is used to calculate the unemployment rate, 273,000 people said they weren't able to work because of weather last month, about 100,000 more than a typical December.

"Weather was a significant factor," says Conrad DeQuadros of RDQ Economics. A telltale sign is that construction payrolls, which had been rising amid the housing recovery, fell by 16,000.

Others say weather played a more limited role. Economist Tom Porcelli of RBC Capital Markets, notes that in the survey of employers used to calculate total job gains, workers paid for even one hour during the week of the survey are counted as employed. It's unlikely that inclement weather forced large numbers of workers to take the entire week off, he says.

"More plausible is that this is just a weaker number in the context of a much stronger than typical number" in November, Porcelli says.

In other words, he says, the December payroll advances don't reflect the state of the labor market but do temper an overall view of the market that had grown more bullish lately.

Other economists are more upbeat. Zandi, DeQuadros and **Baumohl** say the disappointing December report is not consistent with an armada of positive economic news lately.

Measures of manufacturing and service-sector employment rose last month, according to the Institute for Supply Management. Private payroll processor ADP said businesses added 238,000 jobs in December. Indexes of small business hiring and consumers' perception of the job market have risen. And economic growth accelerated in the second half of 2013.

"I don't think there's any fundamental weakness" in the economy, says Zandi, whose firm helps ADP compile its employment report report.

Instead, he says, the initial estimates of some Labor Department reports are simply off-base. Labor first estimated a zero change in employment in August 2011. That was eventually revised to a 132,000 gain.

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