

Fewer Applying For Unemployment Benefits

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) — Fewer people applied for unemployment benefits last week, but applications remain stuck at a level that signals weak job growth.

The number of applications for unemployment benefits dropped by 6,000 to a seasonally adjusted 422,000, the Labor Department said Thursday. It was the third drop in four weeks. But the declines follow much bigger increases in April.

Applications dropped to 375,000 in late February — a level consistent with sustainable job growth. But for the past eight weeks, applications have stayed above 400,000. The four-week average, a less volatile measure, fell for the second straight week but remained high at 425,500.

Elevated unemployment applications are the latest sign that the economy has hit a soft patch after a strong start this year. Many economists expect May's jobs report will show hiring slowed last month. The report will be released on Friday.

"Fears will grow that the economy is not just showing slower growth, but actually flattening," Pierre Ellis, an economist at Decision Economics, wrote in a note to clients.

Companies squeezed more work out of their staffs in the first three months of the year, according to the government's second estimate for productivity in the January-March quarter. But the gain was much slower than in the final months of 2010, a sign that employers may need to hire more workers if they want to produce more goods and services.

Productivity rose at an annual rate of 1.8 percent in the first quarter. That's a slight upward revision from the government's first estimate of 1.6 percent. But it was significantly lower than the 2.9 percent growth rate in the October-December period.

The economy was generating jobs at a healthy pace earlier this year. Employers added an average of 230,000 jobs a month in February, March and April. That marked the best hiring spree in five years. The unemployment rate has fallen nearly a full percentage point since November, although it still very high at 9 percent.

Many analysts are downgrading their forecasts for job growth after a spate of disappointing economic reports. Manufacturing grew at the slowest pace in 20 months in May, according to a private survey released Wednesday. Consumers, struggling with higher gas and food prices, are spending less on discretionary items. And businesses sharply cut their spending in April on computers, machinery, and other long-lasting goods, according to a report last week.

Fewer Applying For Unemployment Benefits

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

The housing slump is getting worse. Home prices fell to their lowest level since 2002 in March.

The number of people receiving unemployment benefits was essentially unchanged at 3.7 million. But millions of people are also receiving extended benefits under emergency programs put in place during the recession. All told, 7.7 million people were on the unemployment benefit rolls during the week of May 14, the latest data available. That's about 60,000 fewer than the previous week.

Source URL (retrieved on 12/18/2014 - 2:11am):

<http://www.impomag.com/news/2011/06/fewer-applying-unemployment-benefits>