

## More Sought Unemployment Last Week

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WASHINGTON (AP) — More people applied for unemployment benefits last week, evidence that layoffs are rising and the job market is weak.

Applications for unemployment benefits rose by 10,000 to a seasonally adjusted 418,000, the Labor Department said Thursday. The four-week average, a less volatile measure, dipped to 421,250.

Applications have topped 400,000 for 15 straight weeks, a sign of sluggish hiring. Applications had fallen in February to 375,000, a level that signals healthy job growth. They stayed below 400,000 for two months. But applications surged to an eight-month high of 478,000 in April and have declined slowly since then.

Consumers have pulled back on spending this year, besieged by high unemployment, stagnant wages, and high gas prices. That has slowed growth.

Unemployment applications "remain stubbornly elevated," said Yelena Shulyatyeva, U.S. economist at BNP Paribas. "A lot of structural factors are still affecting the economy," she added, such as the weak housing market and continuing layoffs by state and local governments.

The economy expanded only 1.9 percent in the January-March quarter, and some analysts forecast even slower growth for the April-June period.

Employers have responded by cutting back sharply on hiring. The economy added only 18,000 net jobs in June, the second straight month of dismal job gains. That's far below the average of 215,000 net jobs per month the economy averaged from February through April.

The unemployment rate rose to 9.2 percent last month, the highest this year.

Some companies are cutting jobs. Cisco Systems Inc., the world's largest maker of computer-networking gear, on Monday said that it is eliminating 6,500 positions, or about 9 percent of its worldwide work force of 73,000.

Layoffs rose to their highest level in nine months in May, according to a separate Labor department report last week.

Economists have attributed much of the slowdown to temporary factors, such as a spike in gas prices this spring. Manufacturing output also declined after Japan's March 11 earthquake disrupted global supply chains.

Many economists expect growth to pick up later this year as those factors fade. Gas prices, for example, averaged \$3.68 a gallon on Wednesday, down from their peak

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of nearly \$4 in early May.

But concerns are also rising that the economy's weakness will persist. Goldman Sachs has cut its estimate for growth in the July-September period to 2.5 percent, down from an earlier estimate of 3.25 percent. Also last week, JPMorgan reduced its estimate to 2.5 percent from 3 percent.

Goldman Sachs cited extremely weak consumer demand as one factor behind its reduced forecast. Goldman also said in a research note that it is "still unsure about the precise reasons for the slowdown" this year.

JPMorgan, meanwhile, said companies have built up large stockpiles of goods and, as a result, factories probably won't have to produce as much in the July-September quarter.

Growth of about 2.5 percent is barely enough to reduce the unemployment rate. The economy would need to grow 5 percent for a whole year to bring down the rate by one percentage point.

The total number of people receiving unemployment benefits fell by 50,000 to fewer than 3.7 million. Millions of additional unemployed workers are also receiving aid from extended benefit programs put in place during the recession. All told, more than 7.3 million people received unemployment benefits in the week ending July 2, the most recent data available.

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