

# Unemployment Applications Increasing

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WASHINGTON (AP) — The number of people seeking unemployment benefits ticked up slightly last week, evidence that the job market isn't improving.

Weekly applications for unemployment benefits rose 2,000 to a seasonally adjusted 414,000, the Labor Department said Thursday.

The report suggests companies aren't significantly increasing layoffs, despite weak economic growth. But it also signals that little hiring is taking place.

Applications need to fall below 375,000 to indicate sustainable job growth. They haven't been below that level since February.

The government said last week that employers added no net jobs in August, the worst month for hiring since September 2010. The unemployment rate was 9.1 percent for the second straight month.

"We're not making headway here," said Joshua Shapiro, chief U.S. economist at MFR Inc. The report is "consistent with little if any change in overall employment."

Separately, the Commerce Department said that U.S. manufacturers sold more cars, airplanes and industrial machinery in foreign markets in July. That boosted exports and cut the trade deficit to its lowest level in three months.

The trade deficit narrowed to \$44.8 billion in July, down 13.1 percent from June.

President Barack Obama will respond to the worsening jobs outlook with a speech Thursday evening. He is expected to introduce a \$300 billion package before a joint session of Congress. The plan will likely include extensions of the payroll tax cut and long-term unemployment benefits, tax incentives for businesses that hire and money for public works projects.

Economists say companies are reluctant to hire but are not cutting workers. Unemployment benefit applications are considered a measure of the pace of layoffs.

Still, the four-week average, a less volatile measure, increased for the third straight week to 414,750.

Hurricane Irene didn't affect applications. But the government estimated figures for several states because the Labor Day holiday delayed some reporting of data.

The number of people receiving unemployment benefits fell 30,000 to 3.7 million, the government said.

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But that doesn't include another 3.5 million receiving extended benefits under an emergency program enacted during the recession. All told, about 7.2 million people received benefits in the week ended Aug. 20, the latest data available.

That's down 167,000 from the previous week. Some recipients may have gotten jobs, but many likely used all their benefits.

Employers pulled back on hiring after a rough summer for the economy. The government reported that the economy barely grew in the first half of the year. Lawmakers in Washington fought over raising the government's borrowing limit. Standard & Poor's downgraded long-term U.S. debt. Stocks tumbled from late July until early August.

The private sector added only 17,000 jobs in August, a sharp drop from 156,000 in July. Government cut 17,000 jobs, yielding no net change in total payrolls.

More jobs are desperately needed to fuel faster economic growth. Higher employment leads to more income. That boosts consumer spending, which accounts for about 70 percent of economic growth.

Higher gas and food prices cut into consumers' buying power. The economy expanded only 0.7 percent, much slower than the economy's 3 percent growth in 2010.

There have been some positive signs this week. A private trade group said Tuesday that service firms, which employ 90 percent of U.S. workers, expanded at a slightly faster pace in August than in July. Retailers, hotels and shippers showed strength, while health care, finance and educational service firms declined.

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