Unemployment Applications Drop To 7-Month Low

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WASHINGTON (AP) — The number of people applying for unemployment benefits fell last week to the lowest level since early April, a sign that layoffs are easing and hiring may pick up.

Weekly applications dropped by 5,000 to a seasonally adjusted 388,000, the Labor Department said Thursday. It was the fourth decline in five weeks.

The four-week average, a less volatile measure, dropped to 396,750. That's the first time the average been below 400,000 in seven months.

Applications need to consistently drop below 375,000 to signal sustained job gains. They haven't been that low since February.

The job market "is still weak but there are hopeful signs of some modest improvement," Steven Wood, an economist at Insight Economics, in a note to clients.

The number of people receiving benefits also fell to the lowest level since Sept. 2008, when Lehman Brothers collapsed and the financial crisis intensified.

Some people may no longer be getting benefits because they've found jobs. But a larger number have likely used up all their benefits, Wood said.

The benefit rolls fell 57,000 to 3.6 million in the week ended Nov. 5. That's one week behind the applications data. The figure is the lowest since Sept. 20, 2008.

That doesn't include about 3 million additional people receiving extended benefits from emergency programs put in place during the recession. All told, 6.8 million people received benefits during the week ended Oct. 29, the latest data available.

The pace of hiring over the past few months has been mixed. The economy added only 80,000 jobs in October, the fewest in four months. But the government also said this month that employers added more jobs in August and September than it had initially reported. The unemployment rate dipped to 9 percent.

The economy is growing but not quickly enough to generate many jobs. A series of reports this week shows manufacturers are producing more goods and consumers are spending more in retail stores.

Inflation may be peaking, too, largely because gas prices have fallen. That could help boost consumer spending, which fuels 70 percent of economic activity.

Stronger consumer spending this summer was a key reason the economy grew at an annual rate of 2.5 percent in the July-September quarter. Many economists forecast similar or slightly better growth for the October-December quarter.

The economy needs to grow at nearly double that rate — consistently — to make a significant dent in the unemployment rate, which has been near 9 percent for more than two years.

Economists worry that consumers can't sustain their spending growth from this summer without more jobs and higher pay. Consumers spent more in the third quarter while earning less. Many dipped into their savings to make up the difference.

A rebound in manufacturing could lead to more hiring. Factory output grew in October for the fourth straight month, the Federal Reserve said Wednesday. Production of trucks, electronics and business equipment all rose.

One concern is that Europe's debt crisis could worsen and trigger a recession. That could slow demand for U.S. exports and stunt job growth.

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