

More Seek Unemployment, But Trend Is Positive

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) — The number of people seeking unemployment benefits rose last week to a seasonally adjusted 377,000, up from a nearly four-year low the previous week. But the longer-term trend is pointing to a healthier job market.

Applications have trended down over the past few months. The four week average has declined to 377,500. When applications fall consistently below 375,000, it tends to signal that hiring is strong enough to lower the unemployment rate.

Some economists say the figures suggest further job gains ahead.

The nation has added at least 100,000 jobs for six straight months. And the unemployment rate has declined to 8.5 percent, its lowest in almost three years.

Separately, orders for long-lasting manufactured goods rose as companies spent more on computers, machinery and other equipment. The Commerce Department said Thursday that durable goods orders rose 3 percent last month.

Stock market futures rose after the durable goods report.

"There is more horsepower to this economy than most believe," said Sung Won Sohn, an economics professor at California State University, Channel Islands. "The stars are aligned right for a meaningful economic recovery."

The number of first-time unemployment applications rose 21,000 last week, the Labor Department said. Applications had plummeted two weeks ago to their lowest level since April 2008.

The average has fallen about 9 percent since Oct. 1.

Unemployment applications have been particularly volatile this month because employers have cut temporary workers hired for the holidays. The department adjusts for seasonal trends. But doing so accurately can be difficult.

But underneath all the volatility, applications have leveled off in recent weeks.

Steven Wood, an economist at Insight Economics, said the longer-term trend suggests that the January jobs report, to be released next week, will show a "solid gain" in hiring.

"The labor market is improving, albeit slowly," Wood said in a note to clients.

Economists forecast that the nation will gain about 160,000 jobs a month in 2012, according to a survey of economists by the Associated Press. That's up from an

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average of about 135,000 last year.

A better outlook for job growth has coincided with other signs of improvement in the economy. Factory output jumped in December, and consumer confidence and spending have risen. Even the battered housing market has shown some signs of slight improvement.

Still, the Federal Reserve said Wednesday that it expects growth to remain modest this year. And it forecasts only gradual declines the unemployment rate.

The Fed predicts the unemployment rate could fall as low as 8.2 percent by the end of 2012. The economy will likely expand about 2.5 percent this year.

The job market has a long way to go before it fully recovers from the damage of the Great Recession, which wiped out 8.7 million jobs. More than 13 million people remain unemployed. Millions more have given up looking for work and so are no longer counted as unemployed.

Growth could slow this year. Europe is almost certain to fall into recession because of its financial troubles. And wages aren't keeping up with inflation. That makes it harder for consumers to spend more, potentially limiting growth.

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