U.S. Unemployment Hovers Near Low Levels

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WASHINGTON (AP) — Slightly more people applied for U.S. unemployment benefits last week. But the overall level stayed low enough to suggest the job market is strengthening.

The Labor Department said Thursday that weekly applications increased by 8,000 to a seasonally adjusted 362,000.

The four-week average, which smooths week-to-week fluctuations, remained at roughly 355,000. That's essentially unchanged from last week's level, which was the lowest in four years.

"We are not concerned by the modest rise in claims as the downtrend remains firmly in place," Joseph LaVorgna, an economist at Deutsche Bank, said in a note to clients.

Applications have fallen 14 percent since October. When applications fall below 375,000, that generally signals hiring is strong enough to reduce the unemployment rate. The steady decline has coincided with three months of big hiring gains.

The economy has added an average of 200,000 net jobs per month from November through January. That has helped lower the unemployment rate for five straight months to 8.3 percent. Economists predict that more than 200,000 net jobs were added in February, too.

The government will issue its February jobs report on Friday.

The number of people receiving unemployment benefits also declined to just below 7.4 million in the week ended Feb. 18, the latest data available. That's down from 7.5 million in the previous week.

Other reports Wednesday reinforced the brighter hiring outlook.

Payroll provider ADP said companies added a net gain of 216,000 jobs in February, above January's gain. The ADP report doesn't include government agencies, which have been cutting jobs.

And a meager gain in worker productivity at the end of last year could also persuade employers to beef up staffing. It suggests companies will have to keep hiring steadily to meet their customers' rising demand.

Better economic growth is spurring more job creation. The economy expanded at an annual rate of 3 percent in the final three months of last year, the government said last week.

Most economists expect growth will slow in the current quarter because companies won't need to rebuild their stockpiles of goods as much as they did last winter. That means factories won't need to produce as much.

But growth should improve later in the year. The economy is likely to expand at a 2.5 percent pace this year, according to a survey of economists by The Associated Press. That would be better than last year's 1.7 percent rise.

Even so, the job market has a long way to go before it fully recovers from the damage of the Great Recession. Nearly 13 million people remain unemployed, and 8.3 percent unemployment is painfully high.

One reason the unemployment rate has fallen is that many people have given up looking for work. The government only counts people as unemployed if they are actively searching for a job.

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