

U.S. Applications For Unemployment Aid Tick Up

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WASHINGTON (AP) — More people sought unemployment benefits last week, suggesting that the job market's recovery remains slow.

The increase also likely reflects some seasonal volatility because applications for unemployment aid frequently rise around the Easter holiday. Many school employees are temporarily laid off during spring breaks and can file for benefits.

Weekly unemployment benefit applications jumped 13,000 to a seasonally adjusted 380,000, the Labor Department said Thursday. The previous week's figures were also revised higher. The four-week average, a less volatile gauge, rose to 368,500.

After steadily declining since last fall, applications have leveled off in recent weeks. The four-week average is essentially unchanged over the past two months.

The increase "doesn't ring any alarm bells," said Ryan Sweet, an economist at Moody's Analytics. "Applications can be choppy."

But the trend bears watching, he said.

"If claims continue to climb, it would be strong evidence that the job market is weakening," Sweet added.

When applications fall below 375,000, it generally suggests that hiring will be strong enough to lower the unemployment rate.

The figures come after a disappointing employment report last week that showed that employers added only 120,000 jobs in March, half the average pace in the preceding three months. But many economists downplayed the weak March figures, noting that a warmer winter may have led to some earlier hiring in January and February.

The economy has added an average of 212,000 jobs per month in the January-March quarter, well ahead of last year's pace. And the unemployment rate has fallen from 9.1 percent in August to 8.2 percent in March. One factor is that some people have given up looking for work. People who are out of work but not looking for jobs aren't counted as unemployed.

Moody's Analytics expects job gains to average around 175,000 a month for the rest of the year and for the unemployment rate to fall just below 8 percent by year's end.

Economists note that applications for unemployment aid are at a much lower level than they were last year, suggesting that March's weak numbers might have been a

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temporary lull.

A similar message resonated from a Federal Reserve survey released Wednesday. All of the Fed's 12 bank districts reported that the economy grew steadily from mid-February through April 2. And hiring was stable or increased in most of the country during that time.

Additional hiring has boosted consumer confidence and spurred more spending. Consumer spending jumped in February by the most in seven months, the government said last month. And many large retail chains have reported healthy sales for March.

Higher auto sales and solid business demand for machinery and other equipment is boosting factory output. The manufacturing sector expanded in March at a faster pace than the previous month, according to a private survey.

The economy grew at an annual rate of just 3 percent in the October-December quarter. Most economists are predicting that growth slowed in the January-March quarter to an annual rate of under 2.5 percent.

Fed Chairman Ben Bernanke has cautioned that the economy is growing too slowly to maintain recent declines in the unemployment rate.

Bernanke has said growth normally needs to be closer to 4 percent for a full year to lower the unemployment rate by a full percentage point. He has warned that hiring is likely to slow until consumers and businesses spend more, fueling faster growth.

Greater hiring hasn't led to larger paychecks. Wages aren't rising fast enough to keep up with inflation. Rising gas prices are also weighing on consumers' ability to spend money on other goods and services. Europe's debt crisis has flared up again, as Spain and Italy have been forced in recent days to pay higher interest rates on their debts.

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