

Weekly U.S. Unemployment Applications Dip To 370K

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WASHINGTON (AP) — The number of people seeking unemployment benefits changed little last week, signaling modest job growth.

The Labor Department said Thursday that weekly applications for benefits dipped by 2,000 to a seasonally adjusted 370,000.

Applications have leveled off this month after declining from April's five-month high of 392,000. The four-week average, a less volatile measure, has also dropped — it was 370,000 last week.

The lower level indicates hiring could pick up a bit in May from April's sluggish pace. When applications drop below 375,000 a week, it typically suggests hiring is strong enough to lower the unemployment rate.

Ian Shepherdson, an economist at High Frequency Economics, said applications should fall soon given that some recent data indicate the economy is improving.

"We think it is just a matter of time ... before claims start to drop back down again," he said in a note to clients.

Economists forecast employers have added 160,000 jobs this month. That's above April's gains but below the pace set this winter. The government will report next Friday on May job growth.

Some companies are launching mass layoffs. Hewlett-Packard Co.'s chief executive, Meg Whitman, said Wednesday that the company will cut 27,000 jobs, or 8 percent of its work force, over the next two years.

The unemployment rate has fallen from 9.1 percent in August to 8.1 percent last month.

Part of the reason for the drop is that employers have added a million jobs over the past five months. But it has also declined because some people gave up looking for work. The government only counts people as unemployed if they are actively looking for a job.

Hiring soared over the winter, when applications were dropping steadily. Job gains averaged 252,000 in the December-February period.

The pace of hiring slowed in March and April to an average of 135,000 jobs per month. That raised fears that the job market could be weakening.

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Economists have cautioned that a warm winter led companies to move up some hiring and accelerate other activity that normally wouldn't occur until spring. That gave the appearance that the economy had strengthened in January and February and weakened in early spring.

And temporary layoffs stemming from spring holidays likely pushed unemployment benefit applications higher in April, economists noted.

The number of people receiving benefits is falling, partly because extended benefit programs are ending in many states. About 6.2 million people received benefits in the week ended May 5, the latest data available. That's a drop of 105,000 from the previous week.

Other economic data this week has been mixed.

Orders for long-lasting factory goods edged up slightly in April, according to a Commerce Department report released Thursday. But that was largely because of an increase in volatile demand for commercial aircraft.

A key category that tracks business investment spending fell for a second straight month.

New-home sales rose 3.3 percent in April from March, the government said Wednesday. That's a healthy jump and puts sales at the second-highest level in two years.

And sales of previously owned homes also rose in April, the government said Tuesday. The sales increase also boosted prices, which were 10.1 percent higher than 12 months earlier.

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