

# U.S. Jobless Aid Applications Fall To 6-Week Low

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WASHINGTON (AP) — Fewer people applied for U.S. unemployment benefits last week, and a private survey showed hiring picked up in June. The reports offered some hope for the job market after three sluggish months of hiring.

Weekly unemployment benefit applications dropped by 14,000 to a seasonally adjusted 374,000, the Labor Department said Thursday. That's the fewest since the week of May 19.

Separately, payroll provider ADP said businesses added 176,000 jobs last month. That's better than the revised total of 136,000 jobs it reported for May and, if sustained, would be enough to lower the unemployment rate.

"We're actually seeing some better news on the U.S. jobs front," said Jennifer Lee, an economist at BMO Capital Markets, in a note to clients. Unemployment aid applications have fallen for two straight weeks. The back-to-back drop of 18,000 is the largest two-week decline since February, she noted.

The data sketched a picture of a slowly improving job market one day before the government reports on hiring in June. Economists are predicting 90,000 jobs were added last month, while the unemployment rate stood at 8.2 percent.

The ADP survey has often deviated sharply from the government report, so economists approached the June results with some caution. In May, the Labor Department said employers added just 69,000 jobs, the fewest in a year and nearly half ADP's estimate. The ADP report only covers hiring in the private sector and excludes government job growth.

And most other recent economic indicators have been disappointing.

"Almost all signs are pointing to a weak June jobs report tomorrow," Lee said.

Weekly benefit applications serve as a measure of the pace of layoffs. When applications consistently fall below 375,000, it generally suggests hiring is strong enough to reduce the unemployment rate.

The four-week average, which smooths out weekly fluctuations, dipped by 1,500 to 385,750.

Unemployment benefit applications declined steadily over the winter, coinciding with a burst of hiring. But they rose in the spring and were stuck near 390,000 for five weeks. During that time, the job market slumped.

Employers added an average of only 73,000 jobs per month in April and May. That's

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much lower than the average of 226,000 added in the first three months of the year. Economists forecast that employers added only 90,000 jobs last month and the unemployment stayed at 8.2 percent, according to FactSet.

The total number of people receiving benefits also declined. Nearly 5.9 million laid-off workers received aid during the week ending June 16, the most recent data available. That was 20,000 less than the previous week.

Retail sales data reported Thursday weren't as encouraging as the jobs figures.

Retailers are reporting weak sales for June as worries about the economy and jobs are making shoppers pull back on spending. The results raise concerns about Americans' ability to spend for the back-to-school shopping season. Costco Wholesale Corp. reported a gain below Wall Street expectations. Target Corp. also missed estimates, posting a modest increase. Teen retailer Wet Seal Inc. reported a bigger-than-anticipated decline.

The manufacturing sector contracted in June for the first time in three years, the Institute for Supply Management, a trade group, said Monday. Export orders fell, a sign that Europe's debt crisis and weaker growth in big emerging markets, like China and India, are slowing overseas demand for U.S. goods.

Overall, new orders plunged by the most in a decade, the ISM report showed. That suggests domestic demand for manufactured goods is also falling.

The economy isn't growing fast enough to support stronger job gains. It expanded at a 1.9 percent pace in the first three months of the year. That's down from a 3 percent pace in the final quarter of last year.

A closely watched private survey released last week showed consumer confidence fell in June for the fourth straight month. The Conference Board said worries about the job market outweighed lower gas prices and steady improvement in the housing market.

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