Applications For U.S. Unemployment Aid Up Slightly

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WASHINGTON (AP) — The number of people seeking first-time unemployment benefits rose a slight 4,000 last week to a seasonally adjusted 372,000, evidence that the job market's recovery remains modest and uneven.

The Labor Department said Thursday that the four-week average, a less volatile measure, increased 3,750 to 368,000.

Applications are a measure of the pace of layoffs. When they fall consistently below 375,000, it generally suggests hiring is strong enough to lower the unemployment rate.

Applications have risen for two straight weeks. Some economists said that indicates that hiring in August may slow from July's solid gain of 163,000 jobs.

The increases "suggest ... that job growth continued in August, but at a slower rate than July's pop," said Jennifer Lee, an economist at BMO Capital Markets. "So job growth there shall be, but not strong enough."

Weak hiring may prompt the Federal Reserve to take more action to stimulate the economy, Lee said. At the Fed's last meeting, policymakers signaled that they were moving closer to launching another round of bond-buying, according to minutes released Wednesday. The goal of more bond purchases would be to lower longer-term interest rates to encourage more borrowing and spending.

Meanwhile, fewer people continue to receive benefits. The total fell to 5.6 million in the week that ended Aug. 4, the latest period for which figures are available. That's down about 110,000 from the previous week.

Some of that decline may have resulted from those out of work finding jobs. But many also likely exhausted all their benefits.

The economy and job growth have been improving a bit after falling into a midyear slump, though neither is particularly strong.

One area of improvement has been the housing market, which is slowly but steadily recovering. Sales of previously occupied homes rose 2.3 percent in July from June, the National Association of Realtors said Wednesday. Sales jumped more than 10 percent in the past year.

Other recent reports have contributed to the picture of a healing industry. Home prices are rising nationwide. And builders are growing increasingly confident

because they're seeing more traffic from potential buyers. An index of builder confidence rose to its highest level in five years in August.

Builders responded by applying for the largest number of building permits in nearly four years last month. They broke ground on slightly fewer new homes in July than in June. But that was after the number of housing starts had reached a 3 1/2-year high in June.

In another positive sign, Americans boosted their retail spending in July by the most in five months, the Commerce Department said last week. That suggests yet more confidence in the economy.

And factory output rose in July for the second straight month, according to a report Wednesday from the Federal Reserve. That raised hopes that manufacturers were recovering from a slowdown in the early summer. A jump in auto production was a key reason for the increase.

Better growth also boosted hiring last month. Employers added 163,000 jobs in July, the most since February. Job gains averaged only 73,000 jobs a month from April through June, not enough to keep up with a rising population. The unemployment rate rose to 8.3 percent from 8.2 percent in June.

Most economists say stronger growth is needed to create enough jobs to lower unemployment. The economy grew at an annual rate of 1.5 percent from April through June, down from 2 percent in the first quarter and 4.1 percent in the fourth quarter of 2011.

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