

U.S. Unemployment Aid Applications At 2-Month Low

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) — The number of Americans seeking unemployment benefits plunged 26,000 last week to a seasonally adjusted 359,000, a hopeful sign for the job market. It's the lowest level of weekly applications in nine weeks.

The Labor Department said Thursday that the four-week average, a less volatile measure, declined 4,500 to 374,000. That's the first drop in six weeks.

Weekly unemployment applications are a measure of the pace of layoffs. When they consistently fall below 375,000, it typically indicates that hiring is strong enough to lower the unemployment rate.

The weekly figures can be volatile, causing most economists to focus on the four-week average.

Economists were mildly encouraged by the figures. Still, many still expect the government's employment report for September to show only modest job gains, perhaps about 100,000. That's about the same as in August. The September jobs report will be released next week.

The past few reports on applications for unemployment benefits "suggest no significant acceleration or deceleration in employment growth," said Jim O'Sullivan, an economist at High Frequency Economics.

Other economic figures released Thursday were mainly disappointing. Businesses cut orders for long-lasting manufactured goods in August. And the government reduced its estimate of economic growth in the April-June quarter to 1.3 percent from 1.7 percent.

Still, the decline in estimated growth for the second quarter was due mainly to reduced farm production stemming from this summer's drought. Once the effects of the drought ease and crop supplies rebound, the farm sector could boost economic growth, noted Paul Ashworth, an economist at Capital Economics.

Layoffs have fallen to the lowest level in a decade, according to a government report earlier this month. But hiring hasn't picked up enough to quickly lower the unemployment rate.

U.S. employers added only 96,000 jobs last month, below the 141,000 in July and much lower than the average 226,000 added in the first three months of the year.

The unemployment rate dropped in August to 8.1 percent from 8.3 percent, but

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only because the number of people working or looking for work fell.

The economy isn't growing fast enough to support much more hiring. It grew at a weak 1.3 percent annual rate in the April-June quarter, down from 2 percent in the January-March quarter and 4.1 percent in the final three months of last year.

Growth isn't likely to get much better for the rest of this year. Economists expect it to grow at a roughly 2 percent pace. That's typically too weak to create enough jobs to lower the unemployment rate.

A survey of chief executives, released Wednesday, found a sharp drop in the number of large companies that plan to step up hiring or boost investment in the next six months. They cited worries over tax and budget policies in the United States and slower growth in Europe and China for the gloomier outlook.

Some recent indicators have been more optimistic. Consumer confidence jumped to a seven-month high in September, the Conference Board said Tuesday. Home prices are rising steadily nationwide. And sales of new homes remained near a two-year high in August, the Commerce Department said Wednesday.

The unemployment applications report showed that the number of people receiving benefits fell slightly. About 5.17 million people received unemployment aid in the week ending Sept. 8, the latest figures available. That's 11,000 lower than the previous week.

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