

U.S. Unemployment Aid Applications Drop To 334K

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WASHINGTON (AP) — The number of Americans applying for unemployment benefits fell 24,000 last week to a seasonally adjusted 334,000, a sign that steady job gains should continue.

The drop left unemployment benefit applications at the lowest level in 10 weeks, the Labor Department said Thursday. Some of the decline may have been caused by seasonal factors.

Still, the broader trend has been favorable. The four-week average, which smooths out fluctuations, fell 5,250 to 351,000.

"We believe labor market conditions remain on a gradually improving trajectory," said Laura Rosner, an economist at BNP Paribas.

Weekly applications data can be volatile in July. Automakers typically shut their factories in the first two weeks of the month to prepare for new models, which leads to a temporary spike in layoffs. But this year much of the industry has skipped or shortened the shutdowns to keep up with stronger demand.

Applications are a proxy for layoffs. They have declined 5 percent since January. The drop has coincided with stronger job growth.

Employers added an average of 202,000 jobs a month through the first six months of the year, up from an average of 180,000 in the previous six months.

In June, they added 195,000 jobs and revisions showed 70,000 more jobs were added in April and May. The unemployment rate stayed at 7.6 percent last month but is down from 8.2 percent a year earlier.

Despite the gains in hiring, economic growth has been weak. Most economists expect growth slowed in the April-June quarter to an annual rate of 1 percent or less, down from a tepid 1.8 percent rate at the start of the year. That would mark the third straight quarter of growth below 2 percent.

Many economists are hopeful that steady hiring will help spur faster growth in the second half of the year.

More than 4.5 million people received unemployment aid in the week ending June 29, the latest data available. That's down just 1,900 from the previous week. The number of recipients has fallen 21 percent in the past year.

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Recent reports have painted a mixed picture of the economy. Americans bought more cars, clothes and furniture in June, but cut back retail spending almost everywhere else. Excluding purchases in the volatile categories of autos, gas and building materials, retail sales rose at the slowest pace since January.

Meanwhile, factory output grew in June for the second straight month, a separate Fed report said, a sign manufacturers are recovering from a slow start to the year.

More hiring could help the economy grow faster later this year by increasing the number of Americans earning paychecks. That could fuel more consumer spending and overall growth.

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