

## U.S. Jobless Claims At 6-Year Low

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WASHINGTON (AP) — Americans who have a job may take comfort in knowing that companies are laying off fewer people than at any time since before the Great Recession.

The government said Thursday that weekly applications for U.S. unemployment benefits have averaged 335,500 over the past month. That's the lowest level since November 2007, which was one month before the recession began.

But while most companies have stopped cutting jobs, many remain reluctant to hire. That's bad news for the roughly 11.5 million Americans who are unemployed and a major reason the unemployment rate is still so high four years after the recession officially ended.

"We have seen a disconnect between the level of hiring and firing," said Bricklin Dwyer, an economist at BNP Paribas.

Unemployment applications are a proxy for layoffs. At the depths of the recession, in March 2009, weekly claims surged to 670,000. They have fallen steadily ever since and are now half that level.

The number of first-time applications did rise slightly last week, to a seasonally adjusted 330,000. But that's just 5,000 higher than the 5 ½-year low reached two weeks ago.

Most economists say small shifts like that are normal and applications are essentially at a point where they may not fall much further.

"Readings below 300K are rare and rarely sustained," Jonathan Basile, director of U.S. economics at Credit Suisse, wrote in a note to clients.

The drop in layoffs helps explain why job growth has increased this year to an average of 192,000 net jobs a month, even while overall economic growth has stayed sluggish.

Net job gains show the number of people hired minus those who lose or quit their jobs. And when companies cut fewer jobs, it doesn't take many new hires to create a high net gain.

The Labor Department says layoffs have averaged 1.6 million a month through June, fewer than a monthly average of nearly 1.8 million in the pre-recession year 2006.

Hiring hasn't bounced back as fast. Employers hired an average 4.3 million people a

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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month this year through June, well below the 2006 monthly average of 5.3 million.

Despite the drop in unemployment applications, net job growth slowed in July. Employers created just 162,000 net jobs, the fewest in four months.

The unemployment rate dropped to a 4 ½-year low of 7.4 percent last month, down from 7.6 percent in June. That is still well above the 5 percent to 6 percent associated with a normal economy.

So what will it take for more companies to begin adding new workers to their payrolls?

"Really not a mysterious question," says Gerard McLean, CEO of Rivershark Inc., a developer of web applications in Englewood, Ohio. "We're sitting here waiting for the promise of customers. With money. Really that simple."

But most workers are waiting for a raise. Many haven't seen their wages increase much faster than inflation in recent years. And this year they have less take-home pay because of an increase in Social Security taxes.

The overall economy has grown at a lackluster annual rate of 1.4 percent in the first half of the year, hobbled by the tax hikes, federal spending cuts and broader global weakness.

Many economists are optimistic that growth will pick up in the second half of the year. But most business owners can't take the risk that comes with adding and training new workers without seeing more evidence.

Rivershark has four employees, down from a peak of six in 2006. And McLean says he has no plans to hire anytime soon.

"Any additional hiring will not produce additional sales, just create payroll expense," McLean said. "Hiring is just a risk for which there will be no reward."

**Source URL (retrieved on 10/26/2014 - 3:26am):**

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