

U.S. Unemployment Aid Applications Near 6-Year Low

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WASHINGTON (AP) — The number of Americans seeking unemployment benefits fell 5,000 last week to a seasonally adjusted 305,000, the second-lowest level in six years. Steady declines in applications show that very few companies are laying off workers.

The Labor Department said Thursday that the less volatile four-week average declined 7,000 to 308,000, the lowest since June 2007.

All states reported their first-time applications on time, a department spokesman said. Applications plummeted three weeks ago because computer upgrades in California and Nevada prevented them from fully reporting their data. Those states have cleared their backlogs, the spokesman said.

"Based on these figures, the labor market is getting better, albeit at a modest pace," Joseph LaVorgna, chief US economist at Deutsche Bank.

Applications are a proxy for layoffs. Fewer layoffs suggest employers are confident enough to maintain their staffing levels. But companies have been reluctant to take the next step and ramp up hiring.

In fact, job gains have slowed in recent months. Employers have added an average of just 155,000 jobs a month since April. That's down from an average of 205,000 for the first four months of the year.

The unemployment rate dropped to 7.3 percent in August, from 7.4 percent in the previous month. But the drop mostly occurred because more Americans stopped working or looking for jobs. The government doesn't count people as unemployed unless they are actively searching for work.

The economy may be growing too slowly to generate stronger hiring. It expanded at a 2.5 percent annual pace from April to June, the Commerce Department reported today. That is up from a meager 1.1 percent annual rate from January through March. For the first six months of the year, the economy has grown at a rate of just 1.8 percent.

Economists worry that growth is slowing to an annual rate of 2 percent or less in the current July-September quarter. If correct, that would mark the third quarter in the last four that the annual growth rate has fallen to 2 percent or below, an abnormally low level of economic growth.

About 3.9 million Americans received unemployment aid in the week ended Sept. 7,

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

about 23,000 more than the previous week. That total has fallen 32 percent in the past year. Some recipients likely found jobs, but many have simply used up all the unemployment benefits available to them.

Source URL (retrieved on 10/01/2014 - 10:24pm):

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