Weekly Unemployment Aid Claims Drop to 330K

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WASHINGTON (AP) — The number of Americans seeking unemployment benefits fell 15,000 last week to a seasonally adjusted 330,000, signaling fewer layoffs and steady job growth.

The Labor Department said Thursday that the less volatile four-week average dropped 9,750 to 349,000.

A Labor spokesman said there was no indication that snow and freezing weather around much of the country caused the drop in applications.

Applications are a proxy for layoffs. They appear to have stabilized near pre-recession levels after a period of volatility around the Thanksgiving and Christmas holidays. That suggests recent job gains will continue.

"The underlying trend is encouraging and supports the view that job creation is picking up momentum," said Jennifer Lee, a senior economist at BMO Capital Markets.

Outplacement firm Challenger, Gray & Christmas said in a separate report that the number of announced job cuts fell 3 percent last year to 509,051. That's the fewest layoffs reported by the firm since 1997.

The decline in layoffs has coinciding with stronger hiring. Employers have added an average of 200,000 jobs a month from August through November. That's helped lower the unemployment rate to a five-year low of 7 percent.

The government will release the December jobs report on Friday.

There are signs that the job gains have helped to lift other parts of the economy. Consumer confidence and spending have picked up. Orders to U.S. manufacturers rose in November, a sign that businesses are investing more on factory-made items such as machinery, computers and electrical goods.

Many economists have become more optimistic about growth in the October-December quarter that just ended. Several are projecting a strong annual growth rate of 3 percent or more. That would follow growth at an annual rate of 4.1 percent in the July-September quarter, the fastest pace since late 2011.

Not all the data have been positive. Income rose at a slower pace than spending last month. Americans are spending more but saving less. And sales of existing homes have fallen for three straight months, held back by higher prices and mortgage rates.

Even with the improvement in the job market, unemployment remains painfully high more than four years after the Great Recession officially ended. And nearly 4.2 million people received some form of unemployment benefits in the week ending Dec. 21, the latest data available.

The number of applications could fluctuate in the coming weeks because of harsh winter weather that closed some offices this week and last, said Yelena Shulyatyeva, a U.S. economist at the bank BNP Paribas.

Fewer people will likely receive benefits in 2014 because a five-year old emergency federal program expired Dec. 28. It provided up to 47 extra weeks of unemployment benefits, paid for by the federal government, to about 1.3 million people.

Congress is debating whether to revive the program for three more months.

The impact of 1.3 million people dropping off the unemployment benefit rolls probably won't show up in the data for at least another week, because the figures for the total number of recipients are released on a two-week lag.

Economists predict that the expired benefits will cause the unemployment rate to fall by as much as a quarter of percentage point in early 2014. But they say the decrease will likely happen because many of the former recipients will give up on their job searches, which are required in order to receive benefits. The government counts people as unemployed only if they are actively looking for work.

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