Applications For Unemployment Aid Fall To 319K

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) -- The number of Americans seeking unemployment benefits fell 26,000 last week to 319,000, the latest sign that the job market is slowly improving.

The drop follows two weeks of increases that reflected mostly temporary layoffs around the Easter holiday. The holiday can cause an uptick in layoffs of bus drivers, cafeteria workers and other school workers during spring break. Those earlier increases caused the four-week average of applications, a less volatile number, to rise 4,500 to a seasonally adjusted 324,750.

With the impact of the holiday fading, applications are returning to pre-recession levels. The average fell in early April to 312,000, the fewest since October 2007. The recession officially began in December 2007.

"Through the volatility, the data remain encouraging," said Jim O'Sullivan, chief U.S. economist at High Frequency Economics.

The four-week average of applications is down from an average of 343,000 for all of last year, O'Sullivan noted. That is "consistent with the pick-up in employment growth" that's taken place this year, he added. Monthly job gains have averaged 214,000 from January through April, up from 194,000 in 2013.

Applications are a proxy for layoffs, and so the decline suggests that companies are cutting fewer jobs. That trend is typically followed by more hiring, though the relationship is not always exact.

About 2.69 million people are receiving benefits, 76,000 fewer than in the previous week. That figure has fallen nearly 11 percent in the past year. An additional 1.3 million people lost benefits when an emergency program that had provided up to 47 extra weeks of aid expired at the end of 2013.

Employers have stepped up hiring in recent months. The economy gained 288,000 jobs in April, the most in 2½ years, the government said last week.

In addition, the unemployment rate plunged to 6.3 percent from 6.7 percent. But that drop occurred because fewer people looked for work. The government doesn't count people as unemployed unless they are actively searching.

The improved hiring should help boost economic growth for the rest of this year.

The economy barely expanded in the first three months of the year, growing at an annual rate of just 0.1 percent. That was largely because a brutal winter kept consumers away from shopping malls, shut down factories and discouraged home and car sales.

But many signs suggest that the economy has rebounded since then as the weather has warmed. Most analysts estimate that the economy is growing at a healthy annual pace of about 3.5 percent in the current April-June quarter.

Source URL (retrieved on *08/28/2014 - 7:53am*):
http://www.foodmanufacturing.com/news/2014/05/applications-unemployment-aid-fall-319k