

Initial Jobless Claims Drop Unexpectedly

CHRISTOPHER S. RUGABER, AP Economics Writer

Editor's Note: This is a hopeful sign that we've hit bottom and can look forward to some upward movement.

WASHINGTON (AP) – The tally of newly laid-off people requesting jobless benefits fell last week, the government said Thursday, a sign that companies are cutting fewer workers.

But the number of people continuing to receive unemployment benefits rose to 6.78 million — the largest total on records dating back to 1967 and the 17th straight record week. The figures for continuing claims lag behind initial claims by one week.

The Labor Department said the number of initial claims for unemployment insurance dropped to a seasonally adjusted 623,000, from a revised figure of 636,000 in the previous week. It was below analysts' estimates of 635,000.

In a separate report, the government said demand for big-ticket manufactured goods soared by the largest amount in 16 months in April, the second increase in the past three months. New orders have risen in two of the past three months, which may be signaling that the deep recession in manufacturing is bottoming out.

Stocks rose in early trading, in part because the two reports suggested the economy is stabilizing. The Dow Jones industrial average gained about 47 points.

Auto-related layoffs elevated the jobless claims numbers in recent weeks, but a Labor Department analyst said no states said their claims figures were affected by job cuts in that sector last week.

The four-week average of initial jobless claims, which smooths out fluctuations, dropped slightly to 626,750. That figure is about 30,000 below the peak for the recession reached in early April. Some economists say the drop is a sign the recession is bottoming out. Jobless claims reflect the number of job cuts by companies.

Still, claims remain far above levels in a healthier economy. Weekly initial claims were 378,000 a year ago.

And the relentless rise in continuing claims for jobless benefit means the unemployment rate, which reached 8.9 percent in April, will rise in May, economists said. Many economists expect the rate to approach 10 percent by the end of this year.

Initial Jobless Claims Drop Unexpectedly

Published on Electronic Component News (<http://www.ecnmag.com>)

Even if layoffs are slowing, jobs remain scarce. A net total of more than 5.7 million jobs have been lost since the recession — the longest since World War II — began in December 2007.

More job cuts have been announced in the past week. Cleveland-based bank KeyCorp said it will cut 300 jobs during the second quarter, while Japanese camera maker Nikon Corp. said it will lay off 1,000 workers, including some in the United States.

Among the states, California reported the largest increase in claims of 5,447, which it attributed to layoffs in the construction, trade, and service industries. State data also lags initial claims data by a week.

The next largest increases were in North Carolina, Georgia, Washington and Florida.

Michigan reported the largest decrease in claims, a drop of 9,758, which it said was due to fewer layoffs in the auto industry. The next largest decreases were in Kentucky, Illinois, Indiana and Ohio.

Source URL (retrieved on 12/18/2014 - 5:54am):

<http://www.ecnmag.com/news/2009/05/initial-jobless-claims-drop-unexpectedly>