Jobless Claims in U.S. Decrease, Matching Four-Year Low

By Alex Kowalski - Mar 15, 2012

Claims for jobless benefits dropped last week in the U.S., matching the lowest level in four years, more evidence the labor market is improving.

Applications for unemployment insurance payments fell by 14,000 to 351,000 in the week ended March 10, Labor Department figures showed today. Economists forecast 357,000, according to the median estimate in a Bloomberg News survey. Claims reached the same level a month ago, the lowest since March 2008.

Companies have slowed the pace of firings and are expanding their workforces as sales and confidence improve and the threat of financial contagion from a European default diminishes. A Labor Department report last week showed job growth in February capped the best six months since 2006.

“The labor market is gaining momentum,” said Kevin Cummins, an economist at UBS Securities LLC in Stamford, Connecticut, who projected the number of applications would drop to 350,000. “Claims corroborate the pickup in employment we saw in February and suggest the pace of the job growth is likely to continue.”

Estimates for first-time claims ranged from 348,000 to 375,000 in the Bloomberg News survey of 52 economists. The Labor Department revised the prior week’s applications to 365,000 from the initially reported 362,000.

Another Labor Department report today showed wholesale prices climbed in February by the most in five months, reflecting a jump in fuel costs. The producer price index rose 0.4 percent following a 0.1 percent increase the prior month.

Factory Pickup

Manufacturing in the New York region expanded in March at the fastest pace since June 2010, another report showed. The Federal Reserve Bank of New York’s general economic index unexpectedly increased to 20.2 this month from 19.5 in February. Readings greater than zero signal expansion in the so-called Empire State Index, which covers New York, northern New Jersey and southern Connecticut.

Stock-index futures held earlier gains after the reports. The contract on the Standard & Poor’s 500 Index maturing in June climbed 0.3 percent to 1,392.2 at 8:43 a.m. in New York.

A Labor Department official today said there were no unusual circumstances affecting today’s claims figures, and no state’s totals were estimated.

The four-week moving average, a less-volatile measure, held at 355,750.

Benefit Rolls

The number of people continuing to collect jobless benefits dropped by 81,000 in the week ended March 3 to 3.34 million. The continuing claims figure does not include the number of workers receiving extended benefits
under federal programs.

Those who’ve used up their traditional benefits and are now collecting emergency and extended payments
decreased by about 73,900 to 3.33 million in the week ended Feb. 25.

The unemployment rate among people eligible for benefits dropped to 2.6 percent in the week ended March 3,
the lowest level since September 2008, today’s report showed.

Forty-two states and territories reported an increase in claims, while 11 had a decrease.

Initial jobless claims reflect weekly firings and tend to fall as job growth -- measured by the monthly non-farm
payrolls report -- accelerates.

Hiring has strengthened in recent months. Payrolls increased by 227,000 in February, more than forecast and
capping the best six months of job growth since 2006, the Labor Department reported last week.
Unemployment held at 8.3 percent for a second month, the lowest rate in three years.

**Cutting Costs**

Some companies are still trimming workforces. Verizon Wireless, the largest U.S. mobile-phone carrier, said
last week it is closing three U.S. call centers and relocating employees because it wants to improve customer
service and make better use of existing facilities. Verizon Wireless is taking steps to rein in costs to keep pace
with rival AT&T Inc.

“Labor market conditions have improved further, the unemployment rate has declined notably in recent
months but remains elevated,” Federal Reserve policy makers said this week after their second meeting of the
year, in which they reiterated that conditions would probably warrant “exceptionally low” interest rates at least
through late 2014.

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