Jobless Claims in U.S. Climbed Less Than Forecast Last Week

By Lorraine Woellert - Sep 25, 2014

Applications for unemployment benefits in the U.S. increased less than forecast last week as an improving economy prompted employers to retain staff.

First-time jobless claims climbed 12,000 to 293,000 in the week ended Sept. 20, the Labor Department reported today in Washington. The median forecast of 46 economists surveyed by Bloomberg called for 296,000. Claims reached a 14-year low of 279,000 in mid-July.

Firings are hovering near decade lows and companies are hiring in anticipation of a sustained pickup in household spending. Still missing from the equation are bigger wage gains, which would shift the economic expansion into higher gear.

“This is all good news,” said Ray Stone, managing director at Stone & McCarthy Research Associates in Princeton, New Jersey, who forecast a rise in claims to 293,000. “The labor market is doing pretty good.”

Estimates in the Bloomberg survey ranged from 275,000 to 320,000.

Another report today showed orders for business equipment climbed more than forecast in August, indicating gains in business investment will help boost economic growth this quarter. Bookings for non-military capital goods excluding aircraft rose 0.6 percent last month after a 0.2 percent decrease in July that was smaller than previously estimated, according to figures from the Commerce Department.

Record Drop

Demand for all durable goods, those meant to last at least three years, slumped a record 18.2 percent, reflecting a payback in commercial aircraft after plane bookings jumped in July, the report also showed.

Stock-index futures held earlier losses after the reports. The contract on the Standard & Poor’s 500 Index maturing in December fell 0.2 percent to 1,986.3 at 8:50 a.m. in New York.

No states estimated data last week and there was nothing unusual in the report, a Labor Department spokesman said as the jobless claims data were released.

The four-week average of applications, a less-volatile measure than the weekly figure, fell to 298,500.
from 299,750 in the prior period.

The number of people continuing to receive benefits rose by 7,000 to 2.44 million in the week ended Sept. 13. The unemployment rate among people eligible for benefits held at 1.8 percent during that period, today’s report showed.

**August Slowdown**

After a six-month hiring burst that put more than 1.4 million Americans to work in the first half of the year, payroll growth slowed to 142,000 in August, the smallest monthly gain this year. Average hourly earnings rose 0.2 percent last month, and grew 2.1 percent since August 2013, barely exceeding inflation.

Some companies continue to shed workers amid weak demand. Microsoft Corp. fired 2,100 employees earlier this month, part of a plan announced in July to eliminate 18,000 jobs.

At the same time, the economy is continuing to add jobs. Smaller employers seem to be accelerating hiring, said Efrain Rivera, chief executive officer of Paychex Inc., a benefits outsourcing company based in Rochester, New York.

“We’ve noticed a trend ticking up on our sales to newly formed businesses,” Rivera said on a Sept. 24 earnings call. “If you go back a couple of years ago, we were not seeing that trend. That now seems to be evident.”

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