Fewer jobless claims cap strong week for economy

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WASHINGTON — A further decline in the number of people applying for unemployment benefits capped a strong week for the economy.

Factories are producing more, shoppers are spending more and business executives and consumers are more optimistic. The latest reports, along with a tax-cut plan that Congress is set to pass, are leading economists to predict 2011 will be better than first thought and that hiring will pick up.

Weekly claims for jobless aid dipped by 3,000 to a seasonally adjusted 420,000 in the week ending Dec. 11, the Labor Department said Thursday.

The four-week average of claims, a less-volatile measure, fell for the sixth straight week to 422,750. That's the lowest level since August 2008, just before the financial crisis intensified with the collapse of Lehman Brothers.

Weekly first-time applications below 425,000 tend to signal modest job growth. But economists say applications would need to dip consistently to 375,000 or below to indicate a significant decline in unemployment. Applications for unemployment benefits peaked during the recession at 651,000 in March 2009.

Claims have been steadily declining in the past two months, raising hopes among economists that layoffs are falling and employers are hiring more. So far, though, job gains have been too few to reduce unemployment.