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Fewer people applied for unemployment benefits last week, for the second week in a row.

Fewer seek jobless help for 2nd week

Economists say trend must continue to indicate improvement

By Christopher S. Rugaber
THE ASSOCIATED PRESS

WASHINGTON — Fewer people applied for unemployment benefits last week, the second drop in a row and a hopeful sign the job market could be improving.

Still, economists cautioned that the trend would have to continue for several more weeks before a solid conclusion could be drawn that hiring is picking up.

Applications for jobless benefits dropped by 21,000 to a seasonally adjusted 434,000 in the week that ended Oct. 23, the Labor Department said Thursday.

It was the second-lowest number for first-time claims this year. The only time it was lower was during the July 10 week, and that week was affected by the Independence Day holiday when state unemployment offices were closed.

Unemployment claims have fluctuated around 450,000 for most of this year, and have fallen below that level seven times. But they have always rebounded in subsequent weeks, and haven't remained below 450,000 for longer than two weeks.

"The drop was unexpected and is a move in the right direction, but it will need to be duplicated in the weeks ahead to indicate that the labor market recovery is gathering momentum," Andrew Gledhill, an economist at Moody's Analytics, said in a note to clients.

The decline in claims partly reflects a drop in layoffs in the construction sector, said Julia Coronado, an economist at BNP Paribas.

She expects that the economy generated a net gain of 60,000 jobs in October, while the unemployment rate ticked up to 9.7 percent from 9.6 percent last month. The government will release its October jobs report on Nov. 5.

The four-week average of claims dropped by 5,500 to 453,250, the lowest level since the week of July 24.