Home sales rise as unemployment claims fall



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In this April photo a crew works on a new home in Omaha, Neb. First-time claims for jobless benefits fell sharply last week, evidence that employers are cutting fewer workers as the economy recovers.

CHRISTOPHER S. RUGABER
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WASHINGTON— Home sales rose sharply last month and claims for jobless benefits fell last week. The two reports Thursday sketched a picture of a modestly improving economy.

Sales of previously occupied homes increased more than expected in March after three straight months of declines, the National Association of Realtors said. The housing market benefited from government incentives that drew in buyers.

Purchases jumped 6.8 percent to a seasonally adjusted annual rate of 5.35 million last month, the highest level since December. The median sales price was $170,700, nearly unchanged from a year earlier.

Some economists expect healthy sales to continue, but caution that a clearer picture of the housing market will emerge after federal tax credits expire at the end of this month.

"The spring selling season will be a success and probably the most active we're seen in years," said Stuart Hoffman, chief economist at PNC Financial Services Group.

In a separate report Thursday, initial claims for unemployment benefits fell by 24,000 to a seasonally adjusted 456,000, the Labor Department said. That nearly matched analysts' estimates, according to Thomson Reuters.

The drop comes after claims rose sharply in the previous two weeks. A Labor Department analyst attributed those increases to seasonal adjustment difficulties around the Easter holiday, which falls on different weeks each year.

Still, many economists have been disappointed claims haven't fallen faster, which would signal more hiring. Initial claims are at about the same level they were at the beginning of the year, after rising sharply in February due to snowstorms on the East Coast.

"Claims have made a long trip to nowhere for three and half months," said Dan Greenhaus, chief economic strategist at Miller Tabak.

The four-week average of claims, which smooths volatility, increased by 2,750 to 460,250.

Claims have slowly trended down over the past year. Applications for jobless benefits peaked during the recession at 651,000 in March 2009.