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In this photo taken Sunday, a sign advertises that a new Target store is hiring workers in Marlborough, Mass. The number of people applying for unemployment benefits dropped Thursday, to the lowest level since July 2008.

Job market slowly improving

Unemployment benefit applications drop sharply

BY CHRISTOPHER RUGABER
ASSOCIATED PRESS

WASHINGTON — The number of Americans applying for unemployment benefits fell to its lowest point in nearly two and a half years, a sign that the job market is slowly improving.

Applications dropped by 34,000 to 388,000, the fewest since July 2008, the Labor Department said Thursday. The number of applications has either fallen or remained unchanged in five of the past six weeks.

Fewer than 425,000 people seeking unemployment benefits sig-

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Benjamin Reitzes
Economist, BMO Capital Markets

nals modest job growth. But economists say applications need to fall consistently to 375,000 or below to bring down the unemployment rate. Applications for unemployment benefits peaked during the recession at 651,000 in March 2009.

The latest report, which covers the week with the Christmas holiday, is considered by some economists to be less reliable than most.

One reason is that many state offices close for at least one day. Other seasonal factors make the report more volatile.

Still, a department analyst said there were no unusual factors affecting the report and that it considers the impact of the holiday.

Economists said what matters most is the downward trend.

"If we can continue this improving trend,

we'll likely see stronger job growth in 2011," said Benjamin Reitzes, an economist at BMO Capital Markets.

Separately, the number of people who signed contracts to buy homes rose in November, the fourth increase since contract signings hit a low point in June.

The National Association of Realtors said its index of sales agreements for previously occupied homes increased 3.5 percent last month from October. Still, this year's pace of completed home sales — which the Realtors group measures in a separate report — is shaping up to be the slowest in 13 years.