Jobless aid applications decline

Associated Press

WASHINGTON — Fewer Americans sought unemployment benefits last week, indicating companies continue to hire at a modest but steady pace.

The Labor Department said Thursday that weekly applications for unemployment benefits fell 5,000 to a seasonally adjusted 366,000.

The four-week average dropped to 350,500, the lowest in nearly five years. The average is low because of seasonal factors, which sharply reduced applications last month.

Still, economists were encouraged by the decline. Weekly applications are a proxy for layoffs. When layoffs decline, net hiring typically rises.

In other economic news:

» **PRODUCTIVITY:** Worker productivity shrank in the final three months of 2012 although the decline was caused by temporary factors. Companies may ultimately need to hire more workers if they see only modest gains in productivity and more demand for their products.

» **MORTGAGE RATES:** The average U.S. rate on the 30-year fixed mortgage was unchanged, staying at 3.53 percent. The rate on the 15-year fixed mortgage dropped to 2.77 percent from 2.81 percent last week.

» **CONSUMER CREDIT:** The Federal Reserve says total consumer borrowing rose $14.6 billion in December from November to $2.78 trillion. That's the highest level on record. The increase was driven entirely by gains in student and auto loans.