BUSINESS

Jobless claims dip to 338,000

Economists: Holiday season warped numbers

By Paul Wiseman
Associated Press

WASHINGTON — The number of Americans applying for unemployment benefits dropped by 42,000 last week to a seasonally adjusted 338,000, the biggest drop since November 2012. But economists say the figures from late November and December are warped by seasonal volatility from the Thanksgiving, Christmas and New Year's holidays.

The Labor Department reported Thursday that the less-volatile four-week average rose 4,250 to 348,000.

Claims jumped 75,000 in the two weeks that ended Dec. 14 before plunging last week. The Labor Department struggles to account for seasonal hiring by retailers and other businesses and for temporary layoffs of cafeteria workers and other employees at schools that close for the holidays.

Unemployment claims are a proxy for layoffs, and the recent declines are consistent with a solid job market.

The economy has shown signs of improvement recently, so much so that the Federal Reserve announced Dec. 18 that it would reduce its stimulus spending on bonds by $10 billion — to $75 billion a month. The economy expanded at a 4.1 percent annual pace from July through September, the fastest rate since late 2011 and much greater than previously thought.

Hiring has been healthy the past four months. The economy added an average of 204,000 jobs every month from August through November, an improvement from earlier this year.

The unemployment rate fell in November to a five-year low of 7 percent. Still, that remains above the 5 percent to 6 percent rate that would signal a normal job market. And long-term unemployment remains a big blot on the economy's performance: Nearly 4.1 million Americans have been unemployed for six months or more.

FIGURE TO KNOW

Before 2008, the number of long-term unemployed had never surpassed 3 million people, according to records dating back to 1948.