Jobless claims dip to 358,000

Shutdown affected number in recent weeks

By Christopher S. Rugaber
Associated Press

WASHINGTON — Applications for U.S. unemployment benefits dropped 15,000 to a seasonally adjusted 358,000 last week, though the figure was distorted for the second straight week by California's efforts to clear backlogged claims.

The partial government shutdown also likely boosted the total, as government contractors and other businesses furloughed employees. The Labor Department says the less volatile four-week average rose 11,750 to 336,500.

Applications have jumped in the past two weeks, distorted by computer upgrades in two states and the 16-day shutdown. Prior to those unusual factors, claims had reached pre-recession levels, a sign that companies are cutting very few workers.

"Once the special factors are weeded out, and businesses carry on as best they can, we should continue to see moderate job growth," said Jennifer Lee, an economist at BMO Capital Markets.

California and Michigan continued to sift through backlogged claims held up by computer changes. Furloughed private-sector workers drove up applications by 15,000 two weeks ago. About 70,000 furloughed federal employees also sought benefits in the week ending Oct. 5, although those workers aren't included in the overall totals.

About 3.9 million Americans received benefits in the week ended Sept. 28, the latest data available. That's about 83,000 fewer than the previous week. A year ago, 5 million people were receiving aid.

The government opened for business on Thursday

NO SEPTEMBER JOBS REPORT

The 16-day federal government shutdown delayed a raft of government data, including September's employment report. And it will likely affect hiring and weigh on the economic growth in the October-December quarter.

» Several economists have cut their forecasts for fourth-quarter growth to an annual rate of about 2 percent, half a percentage point lower than their previous estimates.