Jobless claims fall

BY CHRISTOPHER S. RUGABER
ASSOCIATED PRESS

WASHINGTON — Fewer people applied for unemployment aid last week, the third drop in four weeks and a sign that more employers are hiring while layoffs are falling.

If the decline continues, it could signal more hiring in the near future. The report comes after the Labor Department said last week that private employers in October added the most jobs in six months.

First-time applications for unemployment benefits fell 24,000 last week to a seasonally adjusted 435,000, the Labor Department said Wednesday. Wall Street economists had expected a smaller decline.

The four-week average of applications, a less volatile gauge, fell 10,000 to 446,500. That's the lowest level for the average since the week that ended Sept. 13, 2008 — just before the financial crisis intensified with the collapse of Lehman Brothers. Still, weekly applications would need to fall below 425,000 to indicate that hiring is picking up significantly, economists say.

Economists were heartened by the figures.

The report is "encouraging" and "in line with the view that the labor market and overall economy are starting to strengthen," said Daniel Silver, an economist at JPMorgan Chase.

Still, economists stressed that the decline would need to continue for several more weeks to show that employers are growing steadily more confident about hiring. Mark Vitner, an economist at Wells Fargo, said that if the drop in claims endures, net job gains could rise from this year's average of 90,000 a month to 140,000 next year.

Yet even that's barely enough to keep up with population growth. The economy needs to create at least 300,000 net jobs a month to make a major dent in the unemployment rate, now at 9.6 percent.

The weekly jobless claims figures closely track layoffs, which have fallen sharply in the past year. A Labor Department report Tuesday showed that private sector layoffs have fallen to a four-year low.