

New jobless claims plunge, but

MARTIN CRUTSINGER

Associated Press

WASHINGTON — New applications for jobless benefits plunged to the lowest level in 14 weeks, a possible sign that the massive wave of layoffs has peaked. Still, the number of unemployed workers getting benefits climbed to a new record.

Retail results also improved as discounter Wal-Mart Stores Inc. and other stores reported April sales figures that beat expectations. Analysts acknowledged the positive economic signals but cautioned that any recovery will be subdued as long as unemployment stays high.

The Labor Department reported Thursday that the number of newly laid off workers applying for benefits dropped to 601,000 last week. That was far better than the rise to 635,000 claims that economists expected.

But the total number of people

receiving jobless benefits climbed to 6.35 million, a 14th straight record.

Meanwhile, retailers' business last month was helped by warmer weather, tax refunds and a shift in the Easter holiday, helping Wal-Mart and many mall clothing chains post better-than-expected results.

But consumer sentiment and business in many areas remain weak, and analysts expect a drawn-out recovery as unemployment remains high and other economic woes persist. Warehouse store operator Costco Wholesale Corp. reported a deeper-than-expected same-store sales drop, hurt by the closing of its stores on Easter.

In a separate report, the government said that productivity, the key ingredient to rising living standards, grew at a 0.8 percent annual rate in the January-March quarter, slightly better than the 0.6 percent increase that economists had expected. Wage pressures, as measured by unit labor costs, increased at a

3.3 percent rate, down from a 5.7 percent spike in the fourth quarter.

Even with the big drop in new applications for jobless benefits last week, the claims remained at elevated levels. By comparison, weekly jobless claims totaled 372,000 a year ago. But since peaking at 674,000 in late March, claims have been trending lower, raising hopes that the huge wave of layoffs that has rocked the country could be easing a bit.

Even if the recent declines signal that layoffs have peaked, economists do not expect them to return to pre-recession levels anytime soon. They expect the jobless rate will keep rising through the rest of this year even if their forecasts for an end to the recession in the second half of 2009 are accurate.

The government is scheduled to release unemployment data for April today. Analysts expect the jobless rate will climb to 8.9 percent from the current 25-year high of 8.5 percent.

retail sales improve

Many analysts expect the jobless rate will hit 10 percent by the end of this year.

The rise in continuing claims to 6.35 million was registered for the week ending April 25, the latest data available. That was up from 6.30 million in the previous week and marked the highest tally on records dating to 1967.

The high level of continuing claims is a sign that many laid-off workers are having difficulty finding work.

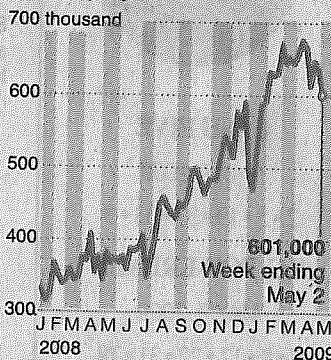
More than 5 million jobs have vanished in the recession, and Federal Reserve Chairman Ben Bernanke predicted "further sizable job losses" in the coming months.

Among the states, Michigan saw the largest increase in claims with 9,998 more for the week ending April 25. California saw the largest drop in claims with 10,833, with the next biggest declines being in Georgia, South Carolina, Wisconsin and New Jersey.

Jobless claims

Initial claims for unemployment benefits decreased by 34,000 in the first week of May.

Weekly jobless claims seasonally adjusted



SOURCE: Department of Labor

AP

Bank, GM news not so rosy, See D2