Firms may step up hiring



The number of people seeking unemployment benefits fell last week to the lowest level in nine months. Above, Archer Daniels Midland employees hand out applications at a job fair in Springfield, Ill. SETH PERLMAN/AP

Outlook brighter as jobless claims fall

By Christopher S. Rugaber
The Associated Press

WASHINGTON — A steady decline in the number of Americans applying for weekly unemployment benefits is the latest signal that the U.S. economy has strengthened and businesses may be poised to step up hiring.

Applications fell last week to a seasonally adjusted 381,000, the Labor Department said Thursday. That's the lowest level since late February.

And a four-week average for applications, which smooths week-to-week fluctuations, fell for the ninth time in 11 weeks to an eight-month low.

The downward trend in unemployment benefit applications bolsters the view that the economy has improved from its spring slump, when many feared another recession was likely. Consumer confidence is up, retailers reported a strong start to the holiday shopping season and the unemployment rate fell last month to its lowest point in two and a half years.

"There have been numerous indications that the labor market is healing and today's jobless claims report only reinforces that view," Dan Greenhaus, chief global strategist at BTIG, a trading firm.

Ian Shepherdson, chief U.S. economist at High Frequency Economics, said the drop in unemployment . benefit claims reflects relief among businesses that consumer demand didn't plunge this fall as some had feared.

"We expect claims to head slowly downwards for the foreseeable future, and in due course payroll growth will accelerate," Shepherdson said in a note to clients.

Applications that drop below 375,000 — consistently — tend to correlate with a steady decline in the unemployment rate.

The unemployment rate fell to 8.6 percent in November, the government said last week, down from 9 percent the previous month. Still, the rate dropped last month in part because more people gave up looking for work. Once the unemployed stop looking for jobs and drop out of the work force, they are no longer counted as unemployed.

Employers added a net total of 120,000 jobs last month. The economy has generated 100,000 or more jobs five months in a row — the first time that has happened since April 2006.