Economy growing, but not quickly



PAUL SAKUMA / The Associated Press

A Costco butcher puts out beef in Mountain View, Calif. Wholesale prices rose last month for the second straight month as the cost of energy climbed enough to offset an unexpected drop in food prices.

Reports ease jobs, deflation worries

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WASHINGTON — The number of newly laid-off workers seeking unemployment benefits dropped slightly last week to its lowest level in two months, a sign employers are cutting fewer jobs.

The Labor Department said Thursday that new claims for jobless benefits fell by 3,000 to a seasonally adjusted 450,000, the third decline in four weeks. Many economists had expected an increase.

Claims have fallen by 11 percent in the past month, after jumping to 504,000 in the week ending Aug. 14. The decline indicates layoffs are easing, even as the pace of growth has slowed.

The four-week average of new claims, which reduces volatility, fell sharply to 464,750, down 13,500 from a week ago.

The report follows other data earlier this week that shows the economy is still growing, but at a slow pace.

Still, initial claims are still above levels that would signal widespread hiring. In a healthy economy, claims usually fall below 400,000.

In a separate report, the Labor Department said wholesale prices climbed in August for the second straight month, as the cost of energy rose enough to offset a decline in food costs.

Excluding volatile food and energy costs, the core index ticked up by only 0.1 percent last month. That suggests the weak economy is reining in inflation.

The unemployment claims report covers the week that included Labor Day, and claims frequently drop in holiday-shortened weeks.

The number of people receiving benefits fell by 84,000 to just below 4.5 million. But that doesn't include several million people who are receiving unemployment aid under extended programs approved by Congress during the recession.