BUSINESS

# US jobless claims drop

By Paul Wiseman
Associated Press

WASHINGTON — The number of Americans applying for unemployment benefits dropped by 35,000 last week, a figure that might be off due to seasonal factors.

The Labor Department said Thursday that applications fell to a seasonally adjusted 353,000. That's down from a revised 388,000 the previous week and the biggest drop since February 2010.

The four-week average, a more stable measure, declined to 367,250. That's the lowest level since the end of March.

Applications surged two weeks ago, reversing a big drop the previous week. But economists caution that the government struggles every July to account for temporary summer shutdowns in the auto industry.

The adjustments have been more difficult this year because some automakers skipped shutdowns with recent stronger sales, resulting in fewer temporary layoffs.

Ford this year shut down for one week instead of its usual two. And Chrysler kept most plants running, said economist Robert Kavcic at BMO Capital Markets.

Unemployment benefit applications are a measure of the pace of layoffs. When applications consistently fall below 375,000, it typically suggests hiring is strong enough to pull the unemployment rate down.

Weekly claims are averaging 374,000 this year, down from 409,000 last year, said Steven Wood, chief economist at Insight Economics.

But he adds that the job market "is definitely not robust." Employers added an average of 75,000 jobs a month from April through June, down from 226,000 the first three months of the year.

The unemployment rate stayed at 8.2 percent in June.