Unemployment claims hit 5-year low

Benefits applications down 12 percent for year

By Ben Mitchell
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Initial jobless claims dropped last week to their lowest level since January 2008, according to the Department of Labor.

The number of Americans seeking unemployment benefits fell by 19,000 to 326,000 for the week ended July 27. It's the latest sign that the job market is finding its footing.

The four-week moving average fell by 4,500 to 341,250. The July figures are typically volatile as the government adjusts for seasonal layoffs in the auto industry.

Still, the trend in recent months has been positive. Applications, which are a proxy for layoffs, have fallen more than 12 percent this year. That's coincided with average gains of 202,000 jobs a month since January.

On Friday, the government reports on July job growth and unemployment. Analysts forecast 183,000 jobs were added last month, and the unemployment rate fell to 7.5 percent from 7.6 percent in June.

Hiring has remained steady despite tepid economic growth. The Commerce Department announced Wednesday that the economy grew by an annual rate of only 1.7 percent in the second quarter, while first quarter growth was revised down to 1.1 percent.

Strong job growth, along with other economic factors, has fueled speculation that the Fed will relax its aggressive bond buying program as soon as September. However, the Fed has stated it sees no reason to roll back its $85-billion-a-month purchases due to the sluggish pace of economic growth.