Fewest Americans Since 2007 Seek Jobless Benefits

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WASHINGTON (AP) — The number of Americans seeking unemployment benefits dropped 15,000 last week to a seasonally adjusted 320,000, the fewest since October 2007 — a sign of dwindling layoffs and steady if modest job growth.

In this Wednesday, Aug., 14, 2013, photo, job seeker Kelsey Devoe, of Miramar, Fla., fills out a contact form at a job fair in Miami Lakes, Fla. The Labor Department reports on the number of Americans who applied for unemployment benefits last week on Thursday, Aug. 15, 2013. **(AP Photo/Alan Diaz)**

The Labor Department said Thursday that the less volatile four-week average fell 4,000 to 332,000, the fewest since November 2007 and the fifth straight decline.

Companies are laying off fewer workers, a trend that has lowered applications for unemployment benefits 14 percent this year. But hiring is still sluggish, resulting in only modest net job growth.

At the depth of the recession in March 2009, weekly applications for unemployment benefits numbered 670,000. They have fallen steadily ever since.

"The underlying story in jobless claims is one of a continued improvement," Yelena Shulyatyeva, an economist at BNP Paribas, wrote in a note to clients. But "we need to see the pace of hiring pick up in order for payroll growth to accelerate from its current pace."

Nearly 4.6 million Americans received unemployment benefits in the week that ended July 27, the latest period for which data are available. That's about 66,000 more than in the previous week but nearly 20 percent less than a year ago.

The Labor Department says layoffs have averaged 1.6 million a month through June, fewer than the monthly average of nearly 1.8 million in the pre-recession year 2006. Many other people left their jobs voluntarily.

Hiring hasn't recovered as quickly. Employers hired an average of 4.3 million people a month this year through June, well below the 2006 monthly average of 5.3 million. As a result, net job growth is still subpar.

Employers have added an average of 192,000 jobs a month this year. The unemployment rate has declined to 7.4 percent, a 4½ year low. That's still well above the 5 percent to 6 percent range associated with a normal economy.

A weak economy has given employers little reason to hire freely even if they've stopped cutting jobs. The economy grew at a sluggish 1.4 percent annual rate in the first half of the year, hobbled by tax increases, federal spending cuts and global economic weakness.

Many economists foresee growth accelerating in the second half of the year to an annual rate of roughly 2.5 percent. They expect consumer spending to pick up as the effects of the tax increases and spending cuts diminish. Improving home sales and higher stock prices are also expected to make people feel more confident about their finances and more willing to spend.

On Tuesday, the government reported that U.S. retail sales grew 0.2 percent in July from June despite a drop in auto sales. "Core" retail sales, which exclude the volatile auto, gas and building supply categories, rose 0.5 percent. That was the best gain since a similar increase in December.

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