

# New Unemployment Claims Rise More Than Expected to 531,000

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WASHINGTON -- The number of newly laid-off workers filing claims for jobless benefits rose more than expected last week, after falling in five of the past six weeks, as employers remain reluctant to hire even with the economy showing signs of recovery.

The Labor Department said Thursday that new jobless claims rose to a seasonally adjusted 531,000 last week, from an upwardly revised 520,000 the previous week. Wall Street economists had expected only a slight increase, according to Thomson Reuters.

Economists closely watch initial claims, which are considered a gauge of layoffs and an indication of companies' willingness to hire new workers.

The four-week average of claims, which smooths out fluctuations, fell slightly to 532,250, the lowest since mid-January and about 125,000 below the peak for the recession, reached this spring. But claims remain well above the 325,000 that economists say is consistent with a healthy economy.

The number of people continuing to claim benefits did drop for the fifth straight week to 5.9 million, from just over 6 million. The figures on continuing claims lag initial claims by a week.

Many recipients are moving onto extended benefit programs approved by Congress in response to the recession, which began in December 2007 and is the worst since the 1930s. Those extensions add up to 53 weeks of benefits on top of the 26 typically provided by the states.

When those programs are included, the total number of recipients dropped to 8.8 million in the week ending Oct. 3, the latest data available, down about 50,000 from the previous week. That decline is likely due to recipients running out of benefits, rather than finding jobs, economists say.

Many analysts expect the economy grew as much as 3 percent in the July-September quarter, but employers are reluctant to hire as they wait to see if such growth can be maintained.

The unemployment rate rose to 9.8 percent in September from 9.7 percent, the department said earlier this month, as employers cut 263,000 jobs. The recession has eliminated a net total of 7.2 million jobs.

More job cuts were announced this week. Sun Microsystems Inc. said it plans to eliminate up to 3,000 jobs, or 10 percent of its worldwide work force, as it awaits a takeover by Oracle Corp., a deal being held up by antitrust regulators in Europe.

Among the states, Florida had the largest increase in claims, with 9,976, which it attributed to layoffs in the construction, service, manufacturing and agriculture industries. New York, Wisconsin, Indiana, and Arkansas had the next largest increases. The state data lag initial claims by one week.

California reported the largest drop in claims, down 7,062, which it attributed to fewer layoffs in the construction, service, and manufacturing industries. Tennessee, Maine and Nebraska also reported decreases.