

THE WALL STREET JOURNAL.

JOBLESS CLAIMS HOVER NEAR FOUR-DECADE LOW

By Jeffrey Sparshott
October 6, 2016

WASHINGTON—The number of Americans applying for first-time unemployment benefits fell back toward a four-decade low last week, a sign employers are holding on to workers as the labor market tightens.

Initial jobless claims, a proxy for layoffs, decreased by 5,000 to a seasonally adjusted 249,000 in the week ended Oct. 1, the Labor Department said Thursday. That was the smallest figure since mid-April, when claims hit an almost 43-year low.

“With labor increasingly scarce and expensive, employers need to hold onto their existing staff, even though most surveys suggests their enthusiasm for new hiring has diminished since the early part of the year,” said Ian Shepherdson, chief economist at Pantheon Macroeconomics.

Economists surveyed by The Wall Street Journal had expected 255,000 new claims last week.

The four-week moving average, which smooths out week-to-week volatility in the claims data, fell by 2,500 to 253,500 last week. That was the lowest reading since December 1973.

Initial jobless claims have now remained below 300,000 for 83 consecutive weeks – the longest streak since 1970. They have been at or below 260,000 for five straight weeks, the longest such stretch since 1973, when the U.S. population and workforce were far smaller.

The Labor Department said no special factors affected the latest claims data.

The U.S. labor market has been adding jobs steadily though the pace of hiring slowed this year, according to separate Labor Department data. That may in part be because the pool of willing and able workers has become shallower after years of steady hiring.

“Any slowing in job growth, such as we saw in the August payroll reading, likely reflects a lack of supply of qualified worker,” said Stephen Stanley, chief economist at Amherst Pierpont Securities.

If that is the case, wage pressures should grow, putting more money in Americans’ pockets and supporting consumer spending.

September’s employment figures are due out Friday. Economists surveyed by The Wall Street Journal are forecasting a net gain of 170,000 for nonfarm payrolls, a slowdown from last year’s average monthly gain of 229,000. The unemployment rate is expected to hold steady at 4.9% and average hourly earnings are seen rising 0.2%.

Thursday’s report also showed that continuing unemployment claims, drawn by workers for more than a week, dropped by 6,000 to 2,058,000 in the week ended Sept. 24. That is the lowest level since July 2000.

Data on continuing claims are released with a one-week lag.