

New jobless claims rise unexpectedly to 627K

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WASHINGTON – The number of people filing new jobless claims jumped unexpectedly last week, and the total unemployment benefit rolls rose to more than 6.7 million.

The Labor Department data released Thursday show jobs remain scarce even as the economy shows some signs of recovering from the longest recession since World War II.

The department said initial claims for jobless benefits rose last week by 15,000 to a seasonally adjusted 627,000. Economists expected a drop to 600,000, according to Thomson Reuters.

Several states reported more claims than expected from teachers, cafeteria workers and other school employees, a department analyst said.

The number of people continuing to receive unemployment insurance rose by 29,000 to 6.74 million, slightly above analysts' estimates of 6.7 million.

The four-week average of claims, which smooths out fluctuations, was largely unchanged, at 616,750.

Economists expect the number of initial unemployment insurance claims, which reflects the level of layoffs, to slowly decline over the coming months as the economy bottoms out.

Still, claims remain far above levels associated with a healthy economy. A year ago they were 392,000.

Economists say any recovery is likely to be weak, and the unemployment rate, currently at 9.4 percent, is expected to top 10 percent by the end of this year.

Millions of Americans also are receiving jobless benefits through a federal extension enacted by Congress last year. For the week ending June 6, more than 2.4 million people received benefits under the extension, which adds 20 to 33 weeks on top of the 26 weeks typically provided by states.

About 288,000 people also are receiving benefits under state emergency programs, bringing the total jobless benefit rolls to nearly 8.8 million that week. The extended benefits data lags initial claims by two weeks.

Other recent reports indicate the economy could be bottoming. The Commerce Department said Wednesday that orders to factories for durable goods such as computers, machinery and aircraft increased 1.8 percent in May, much better than analysts expected.

But sales of new homes fell 0.6 percent last month, the government said, as the housing sector remains weak. Analysts had expected an increase in sales.

The Federal Reserve said Wednesday that the recession is easing, though the economy will remain weak enough to keep inflation in check. Fed Chairman Ben Bernanke has said the economy will begin to recover by the end of this year.

Companies have cut a net total of 6 million jobs since the downturn began in an effort to reduce costs.

Still, job cuts are slowing. Employers eliminated 345,000 positions in May, about half the monthly average of jobs lost in the first quarter.

Troubles in the automotive sector also may cause unexpected fluctuations in the claims. General Motors Corp. filed for bankruptcy protection June 1, joining Chrysler LLC, which filed April 30.

Companies are still shedding jobs. Monsanto Co., the world's biggest seed maker, said Wednesday that it will lay off about 900 workers, or about 4 percent of its work force, as its third-quarter profit fell 14 percent.

Among the states, Florida had the largest increase in claims of 8,383, which it attributed to greater layoffs in the construction, trade, service, manufacturing and agriculture industries. The next largest increases were in Pennsylvania, Missouri, Puerto Rico and California. The state data lag initial claims by a week.

Michigan had the largest drop in claims of 5,414, which it attributed to fewer layoffs in the auto industry. The next largest decreases were in New York, North Carolina, Tennessee and Ohio.

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