

New US jobless claims rise more than expected

New US jobless claims rise more than expected to 551,000; spending jumps but incomes lag

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WASHINGTON (AP) -- First-time claims for jobless benefits increased more than expected last week in the U.S., a sign employers are reluctant to hire and the job market remains weak.



AP - In this Sept. 25, 2009 photo, Khaliha Adger, from left, Gregory King, and Fred Jenkins fill out applications ...

And while consumer spending jumped by the most in nearly eight years in August due partly to the government's temporary Cash for Clunkers program, which offered incentives for buying new autos, economists worry whether that rebound can be sustained with U.S. households facing rising unemployment, tight credit conditions and other obstacles.

The Labor Department said Thursday that initial claims for unemployment insurance rose to a seasonally adjusted 551,000 from 534,000 in the previous week. Wall Street economists expected an increase of 5,000, according to a survey by Thomson Reuters.

The increase comes after three weeks of declines. Weekly claims have been trending down since the spring, but the decline has been painfully slow. The four-week average, which smooths out fluctuations, dropped to 548,000, about 110,000 below its peak in early April.

Economists closely watch initial claims, which are considered a gauge of layoffs and an indication of companies' willingness to hire new workers. Many economists say initial claims below 400,000 would be a signal that employers are adding to the net total of jobs.

The number of people remaining on the rolls, meanwhile, fell 70,000 to 6.09 million, the lowest level since the week of April 4.

But when federal emergency programs are included, the total number of jobless benefit recipients was nearly 9 million in the week that ended Sept. 12. That's little changed from the previous week. Congress has added up to 53 extra weeks of benefits on top of the 26 typically provided by the states. Congress is considering adding another 13 weeks of benefits.

The large number of people remaining on the rolls indicates that unemployed workers are having a hard time finding new jobs.

Consumer spending, which accounts for 70 percent of total economic activity, jumped in August by the largest amount in nearly eight years even though personal incomes continued to lag.

The Commerce Department said Thursday that consumer spending rose 1.3 percent in August, even better than the 1.1 percent gain that had been expected. But incomes edged up 0.2 percent, the same as in July.

The surge in consumer spending is a strong signal that the economy was returning to growth this summer. But any rebound from the recession could falter if income growth does not improve, economists said.

The claims data come a day before the September unemployment report due Friday. Economists forecast that report will show the unemployment rate rose to 9.8 percent from 9.7 percent in August. Most economists expect the rate to top 10 percent by early next year.

Employers are expected to have cut 180,000 jobs in September, down from 216,000 in August.

The recession, which began in December 2007 and is the worst since the 1930s, has eliminated a net total of 6.9 million jobs.

Most analysts expect the economy grew by about 3 percent in the July-September quarter, technically ending the recession. But Federal

Reserve Chairman Ben Bernanke said last month that growth isn't expected to be strong enough to reduce the jobless rate for some time.

<http://finance.yahoo.com/news/New-US-jobless-claims-rise-apf-2727093054.html?x=0&sec=topStories&pos=1&asset=&ccode=>