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Unemployment Claims Rise By 16,000

MoneyNews

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WASHINGTON -- The number of U.S. workers filing new claims for jobless aid rose by 16,000 last week, the government said Thursday.

Initial claims for state unemployment insurance benefits jumped to 317,000 in the week ended Sept. 29 from an upwardly revised 301,000 the prior week, the Labor Department said.

The new claims figures exceeded Wall Street economists' forecasts for rise to 310,000 in new jobless claims from the preliminary reading of 298,000 in the week ended Sept. 22.

Financial markets shrugged off the report.

"Jobless claims bounced back after two weeks of declines, but claims are still at a relatively low level that's consistent with a healthy labor market," said Gary Thayer, chief economist for A.G. Edwards and Sons in St. Louis.

"There's no sign yet from these data that the economy is in recession," Thayer said.

The four-week moving average of new claims, watched for trends in the labor market, edged up to 312,750 in the week ended Sept. 29 from 312,250 the week before.

The number of people who remained on state benefit rolls after drawing an initial week of aid fell by 10,000 to 2.54 million in the week ended Sept. 22, the latest period for which figures were available. Economists had forecast 2.55 million.

The rebound in new claims reverses a two-week pattern of declines and takes them back up to the level

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seen earlier this month. Some economists say claims will continue to inch up.

"Over the next few months, if we are correct in our view that tighter credit conditions will gradually suppress corporate sentiment and activity, claims should rise," said Ian Shepherdson, chief U.S. economist for High Frequency Economics in Valhalla, New York.

Two reports released Wednesday on the health of the jobs market — from ADP Employer Services and Challenger, Gray and Christmas — supported the impression that labor markets were softening, partly because of weaker housing and credit markets, but were not in a free fall.

On Friday, the Labor Department will release its report on employment for September.

In a poll taken last week, economists forecast the U.S. economy will add a solid but unspectacular 94,000 non-farm jobs in September, rebounding from the first drop in monthly hiring in four years during August.

Analysts forecast the September unemployment rate will tick up to 4.7 percent from 4.6 percent.

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