

Jobless Claims Remain Elevated

By **LUCA DI LEO** And **JEFF BATER**

The number of people claiming new jobless benefits remained broadly flat at an elevated level last week, pointing to persistent weakness in the U.S. labor market.



Domestic and global concerns continue to weigh on markets as jobless data failed to soothe investor concerns and Japan intervenes in the currency, resulting in a lower yen. Dave Kansas and Paul Vigna discuss. (Photo: AP Photo.)

New claims for unemployment insurance fell by just 1,000 to a seasonally adjusted 400,000 in the week ended July 30, the Labor Department said Thursday. That followed a 21,000 decline the previous week, which was revised from an originally reported 24,000 drop.

Economists surveyed by Dow Jones Newswires had forecast claims would rise by 7,000 in the latest week.

The four-week moving average of new claims, considered a more reliable indicator of the labor market's recent performance, fell by 6,750 to 407,750. Economists generally think the economy is adding more jobs than it is shedding once the weekly claims

figure falls below the 400,000 level. That hasn't happened since early April.

Fears are growing that a new recession may follow the severe downturn of 2008 and 2009. Three former top officials at the Federal Reserve put the odds between 20% and 40% in a recent interview with the Wall Street Journal. A Labor Department report out Friday is expected to show the unemployment rate remained at 9.2% last month, more than two years after the recession ended.

Thursday's report showed the number of continuing unemployment benefit claims -- those drawn by workers for more than a week -- rose by 10,000 to 3,730,000 in the week ended July 23. Continuing claims are reported with a one-week lag.

The unemployment rate for workers with unemployment insurance for the week ending July 23 was unchanged at 3.0%.



Markets report: General Motors saw its profits double in Q2 thanks to strong performances overseas. Also, Kraft

is going to be broken up into two companies. And, jobless figures remain elevated. Steve Russolillo joins the News Hub to explain.

U.S. consumers cut spending in June at the fastest pace in nearly two years, raising concerns that the economy is stalling largely because of underlying weakness following the financial crisis and not just temporary factors seen in recent months, such as higher prices for food and gas.

Donald Kohn, until recently the Fed's number 2 official, and Brian Madigan, head of the central bank's powerful monetary affairs division until a year ago, said the Fed should consider a

third round of bond purchases if the economy continues to underperform and inflation slows. The Fed holds a policy-setting meeting Aug. 9.

The state-by-state breakdown in Thursday's report, which is also reported with a lag, showed the biggest drop in claims the week ended July 23 was in California, with a decrease of 23,689 due to fewer layoffs in the service industry. There were no significant increases in claims that week.