

SHARP FALL IN CLAIMS FOR JOBLESS BENEFITS INDICATES INCREASE IN HIRING



The number of Americans, who sought unemployment benefits, was the lowest in more than three months, the Labor Department reporting that applications fell 27,000 last week to a seasonally adjusted 365,000, raising hopes of a promising April jobs report that is to be released on Friday. Applications are considered the accepted yardstick to measure the tempo of layoffs. If they fall below 375,000, it is usually an indication that more people will find employment, thereby lowering the unemployment rate. The four-week average, a less unpredictable measure, went up to 383,500 last week, the highest level since December. Add to this positive job hiring indicator, another report indicated a drop in US productivity, meaning the output per hour of work, fell in the first quarter, January to March. In the October to December Quarter, last year it had increased at an annual rate of 1.2 percent. The fall is the highest in a year. The drop is being attributed to a stronger hiring at the beginning of the year. The increased number of workers produced more, but the numbers of working hours also increased even more bringing the productivity down at an annual rate of 0.5 percent. However, the drop in productivity could be the harbinger of good news for the job seekers as it would signal an end to employers trying to squeeze as much work out of employees as possible and increase their hiring instead. Concerns over the increasing unemployment benefit applications over the past few months, had led analyst to presume that the job market was weakening. However, the new figures have allayed earlier fears and the exaggerated benefit applications are believed to have resulted from transitory layoffs, stemming from the year's holidays. Analysts are predicting that the much awaited government job report to show that 163,000 jobs were added in April, even as the unemployment rate was expected to remain unchanged at 8.2 percent. Even though it would be below the average 246,000 jobs a month, taken from December to January, it would be a significant progress from the disappointing March report, when job growth dwindled down to just 120,000. On Wednesday, a private survey by payroll provider ADP said companies added only 119,000 jobs last month. ADP's reports have always varied with the Labor Departments monthly reports and become a rather erratic and uncertain yardstick to gauge the health of the economy. In its last six reports, its most accurate report overstated the gain by 6,000, but got it badly wrong in December, when it overestimated employment by 113,000. Most economists are of the opinion that ADP figures will not make them change their optimistic forecasts for job creation during April. Another private survey had revealed that the manufacturing sector had achieved its highest growth in the last 10 months. Along with it there were positive growth indications for new orders and increase in exports. The report comes as welcome relief and assuages fears stemming from disappointing job market statistics that had led to fears that signs of a growth only flattered to deceive. Sara Kline, an analyst at Moody's Analytics said, "The latest reading puts claims back on track, near their February multi year lows. Claims data are returning to healthier levels, but it is still the lack of hiring that is a larger hurdle to a stronger labor market rebound."