



US jobless claims near 44-year-low as labour market tightens

The number of Americans filing for unemployment benefits fell to near a 44-year-low last week, pointing to further tightening of the labour market even as economic growth appears to have remained moderate in the first quarter.

The stronger labour market combined with rising inflation could push the Federal Reserve to raise interest rates this month.

Initial claims for state unemployment benefits dropped 19,000 to a seasonally adjusted 223,000 for the week ended February 25, the lowest level since March 1973, the Labour Department said on Thursday. Data for the prior week was revised to show 2,000 fewer applications received than previously reported.

It is now at or close to full employment, with an unemployment rate of 4.8 percent.

US stock index futures rose after the data on Thursday. The US dollar also firmed against a basket of currencies, while prices for US government debt fell.

A survey from the US central bank on Wednesday showed the labour market remained tight in early 2017, with some of the Fed's districts reporting "widening" labour shortages.

The government reported on Wednesday that the personal consumption expenditures (PCE) price index jumped 1.9 per cent in the 12 months through January, the biggest gain since October 2012. The PCE price index increased 1.6 per cent in December.

The core PCE, the Fed's preferred inflation measure, increased 1.7 per cent, still below its 2 per cent target.

Source- Business standard (March 2, 2017)

This 'Newspaper Report Analysis' task has been downloaded from www.dineshbakshi.com. Home to the best IGCSE, A Levels, & IB Economics, Business Studies, Accounting and ICT resources available on the internet.

Commented [DB1]: What is meant by unemployment?

Commented [DB2]: What is meant by economic growth?

Commented [DB3]: Discuss how these factors are inter related in an economy

Commented [DB4]: Discuss the concept of 'full employment'? Does these figure vary across different world economies?

Commented [DB5]: How does the data effect affect US stock Index? Discuss.

Commented [DB6]: Discuss the effect on exchange rate?

Commented [DB7]: Discuss the impact of 'widening' labour shortages on the wages. Illustrate through a diagram.

Commented [DB8]: It clearly shows that consumption in the economy is increasing. Obviously due to more people in jobs. Take his discuss further and discuss the effect on various aspects of economy i.e. inflation, interest rates, monetary policy, fiscal policy. Use graphs to illustrate the effect.

Commented [DB9]: Each government has an inflation target. UK and US usually have a 2% inflation target. Do you think inflation is good for the economy?