



Strong job market bolstering economy

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A strong job market appears to be propping up an economy suffering from slumping home prices and a slowdown in manufacturing, two economic reports suggested Thursday.

The Conference Board, an industry research group, said Thursday that its composite index of leading indicators, which is meant to project changes in the economy six to nine months in advance, slipped 0.5 percent to 137.3 in February after a revised 0.3 percent decline to 138 in January.

The drop in February, while expected, was the steepest since February 2006.

Meanwhile, the Labor Department said Thursday that jobless claims dropped last week for the third consecutive time, signaling that the labor market is not seriously weakening although the overall economy is slowing.

The Labor Department reported Thursday that the number of applications for jobless benefits totaled 316,000 last week, a decline of 4,000 from the previous week.

Conference Board labor economist Ken Goldstein said in a statement that the drop in leading indicators suggests "moderate but choppy" economic growth. But the economy's saving grace is the consumer, who has been resilient despite swings in gas prices and cooling home values, he added.

Michael Gregory, senior economist at BMO Nesbitt Burns, said that job growth in sectors like health care, education and leisure has spurred consumer spending and confidence.

Gary R. Thayer, chief economist at AG Edwards & Sons Inc., said the outlook is "that the economy will probably grow at a moderate pace over the next six to nine months."