

ECONOMIC NEWS

United States: Unemployment Insurance Claims Reach Unseen Levels

HIGHLIGHTS

- ▶ There were 3,283,000 initial unemployment insurance claims in the United States during the week ending March 21. These claims are on top of the 282,000 and the 211,000 recorded in the two previous weeks.
- ▶ Almost every state cited the effects of COVID-19 as the reason behind the surge in jobless claims. The services sector—especially accommodations and food services—has been hit particularly hard.

COMMENTS

The jump in new jobless claims is higher than most forecasters expected. Based on what some states had been saying, most revised their expectations as to the number of new claims upward; the consensus this morning was 1,640,000. Therefore, the actual number is double the already historically high expectations.

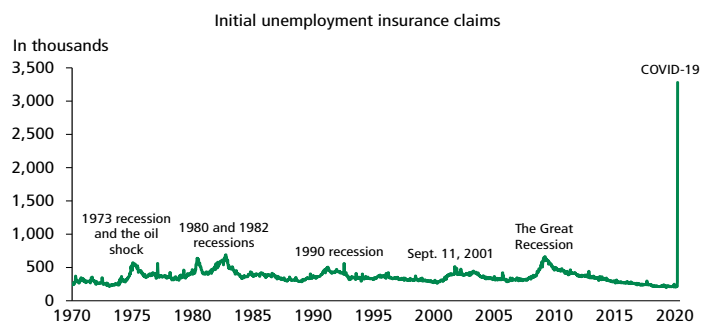
Clearly, this is the highest number of claims ever recorded. The previous high, posted in early October 1982, was 695,000. During the economic crisis of 2008–2009, the peak was 665,000 (reached in March 2009). After September 11, 2001, the number of new claims jumped to 517,000.

It's clear that the U.S. job market is being seriously affected by the coronavirus crisis. Expectations now are that the run of 113 consecutive months of job creation that began in October 2010 is coming to an end. It will have seen the creation of 22,187,000 net hires overall.

What will be the extent of the job losses? In March (with the results to be released on Friday, April 3), the losses should be relatively small because the recent jump in jobless claims occurred after the week in which the Bureau of Labor Statistics conducted the national Current Employment Statistics survey. Most of the

GRAPH

An unprecedented surge in jobless claims



Sources: Employment and Training Administration and Desjardins, Economic Studies

layoffs behind the rise in jobless claims should become more obvious in the official figures for April, which will be released in early May. The expectation at that point is a loss of several million jobs. Still, these losses should be temporary overall.

IMPLICATIONS

The surge in jobless claims is a sign of the abrupt and unusual nature of the COVID-19 crisis. The public health and isolation measures, whether voluntary or forced, are having a real impact on the economy and employment.

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