

UPDATE: US jobless claims total 5.25 million, pushing 4-week count to 22 million

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By Aleena Haroon and Evan Fallor
Market Intelligence

Unemployment claims in the U.S. fell to 5.25 million in the week ended April 11 from a revised 6.62 million in the prior week, pushing the number to 22 million in the four weeks since the coronavirus pandemic started causing widespread business shutdowns.

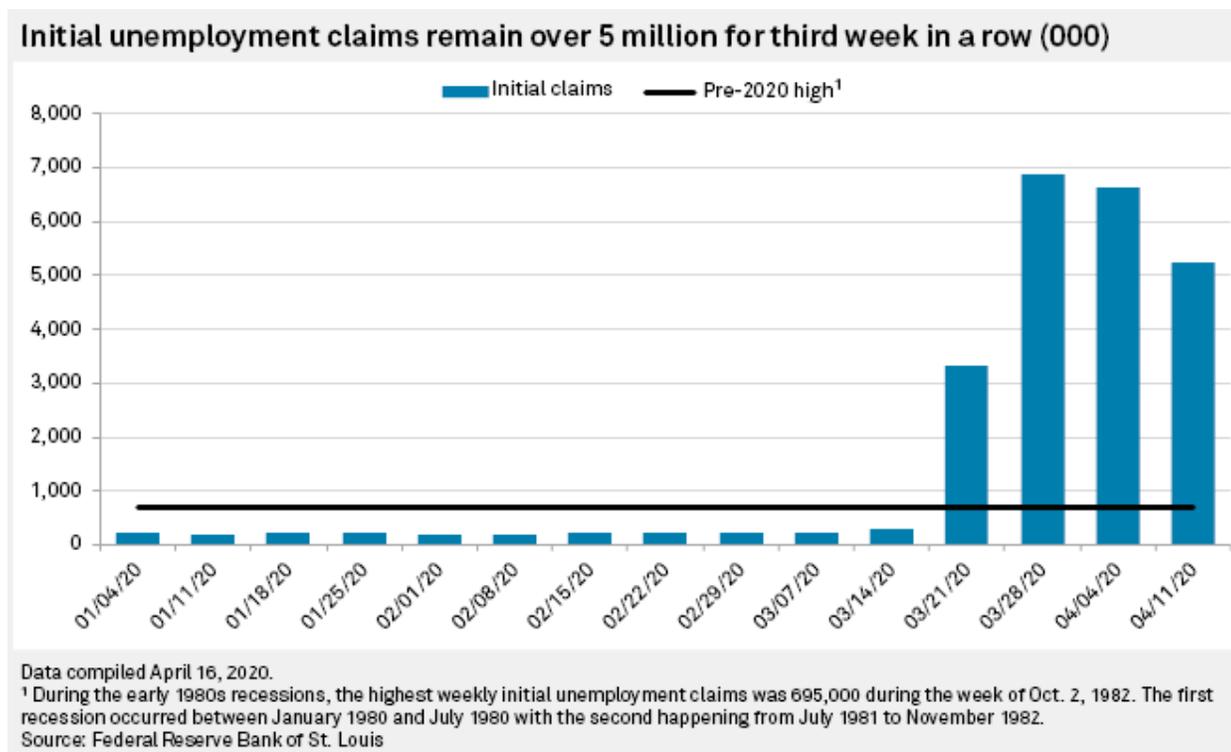
The consensus estimate of economists polled by Econoday was for jobless claims to come in at 6.0 million for the week ended April 11, with estimates running from 2 million to nearly 8 million claims.

The four-week moving average was 5.51 million, the U.S. Department of Labor reported, up from the previous week's upwardly revised average of 4.27 million. Claims for the week ended March 28 rose to a record 6.87 million, which followed 3.28 million in the week to March 21. Before the pandemic, the record weekly jobless claims figure was 695,000, reached in 1982.

The 5.25 million figure for the week, while largely expected, signals that the U.S. labor market is still processing the shock of coronavirus shutdowns, said Gad Levanon, vice president of labor markets for the Conference Board.

"It suggests that the number of layoffs will not die own quickly and will probably remain at a very elevated level for a few more weeks," Levanon said in an interview.

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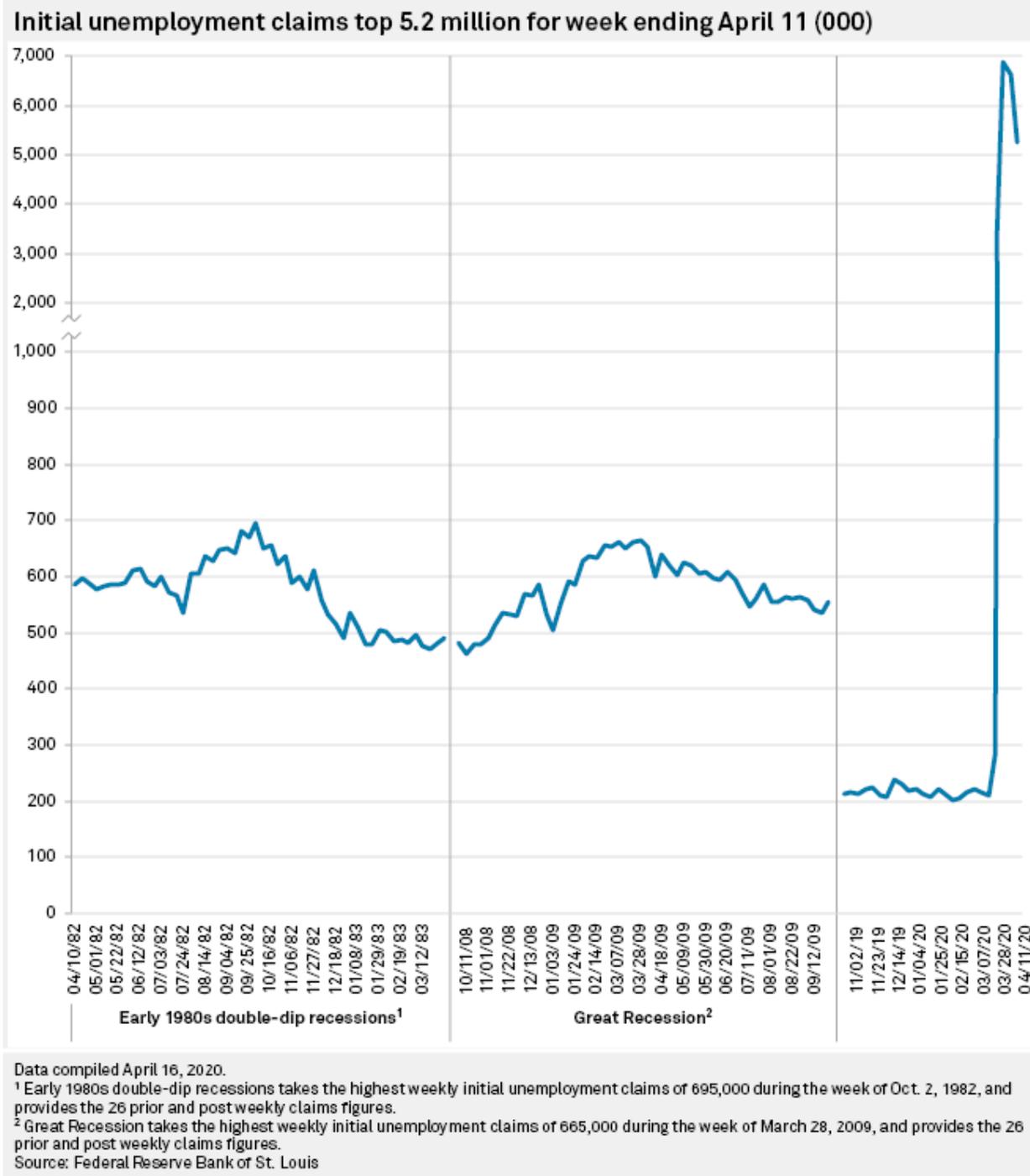
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In the week ended April 4, insured unemployment climbed to a record 11.98 million from the prior week's downwardly revised reading of 7.45 million. The seasonally adjusted insured unemployment rate, which measures the proportion of the labor force receiving unemployment benefits, rose to a fresh high of 8.2% from 5.1%.

A slow bounceback

Levanon, who projects that unemployment will peak near 20% in the May jobs report — and that it is likely already near 15% — cautioned that even when the economy starts to reopen, returning to pre-outbreak levels of employment will probably take considerable time.

"Nothing will be operating at 100% immediately," Levanon said. "What will open and how fast we go back to normal will depend on what the government decides to open but also on consumer fear. Anything related to hospitality — large gatherings, subway rides, flights, those are all things to be wary of. But things like regular retail will bounce back faster. I think restaurants will be somewhere in the middle. They will not bounce back as quickly as other types of retail but faster than amusement parks or cruises, which will probably be the last ones to return."



President Donald Trump, who plans to speak with the nation’s governors April 16 to craft reopening plans for states, is also slated to release his plan for reopening the U.S. economy later in the day, which could show how states and sectors can bring some workers back to their jobs.

'Beginning to run out of people to lay off'

Michigan and Pennsylvania, two manufacturing hubs, reported more claims in this report as a proportion of their total population, which shows that factory workers are beginning to file for unemployment, noted Rajeev Dhawan, director of the economic forecasting center at Georgia State University. In those states, factory workers can go back to work if and when plants reopen. For states like Georgia, a major hospitality hub for airlines and hotels, those types of jobs are not coming back soon, he said.

"This [weekly jobless claims figure] tells you that the damage is going on, but it is beginning to run out of people to lay off in the first stage," Dhawan said. "And maybe that the stimulus plan for small businesses, just maybe it may have made some difference."

Congress in late March passed the CARES Act to provide relief to businesses small and large in an attempt to keep staff on payroll and operations at least nominally afloat. The \$349 billion small business loan guarantee program is already fully subscribed, unless and until Congress authorizes an extension of the program, in which the Small Business Administration backs loans from individual banks.

Economists have cautioned that the 22 million unemployment claims over the past four weeks are likely an undercount, considering the lags in many states due to overwhelmed claims centers, a hesitancy to wait in line in person to file for unemployment and crashes with online claims systems.

Still, the peak of new claims "appears to have passed," Jay Bryson, acting chief economist for Wells Fargo Securities, said in a note, meaning that the focus will now shift to the duration of unemployment.

There are more than 640,000 confirmed infections in the U.S., with more than 31,000 killed, according to data compiled by Johns Hopkins University.

Stefen Joshua Rasay and Jason Woleben contributed to this article.

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