

UPDATE: US jobless claims surge to 6.65 million, again shattering record

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By Sakshi Maurya and Evan Fallor
Market Intelligence

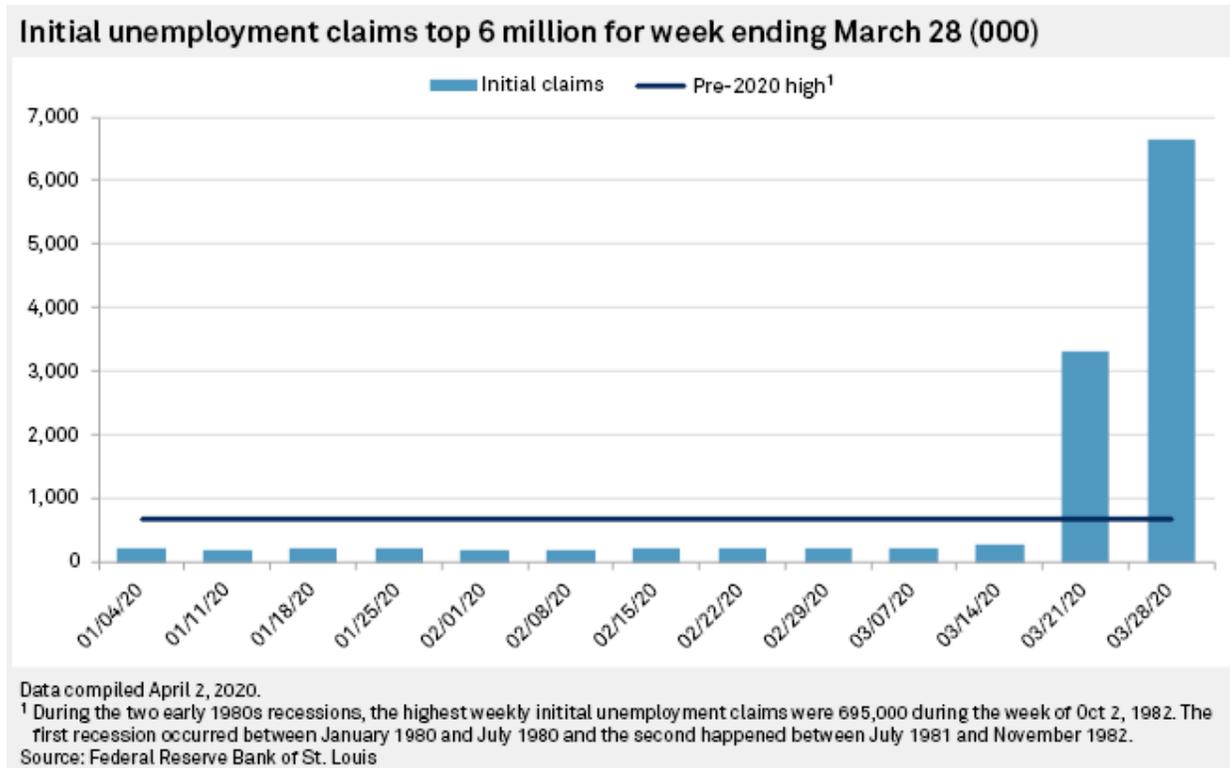
The number of people successfully filing for unemployment benefits in the U.S. soared to a record seasonally adjusted level of 6.65 million in the week ended March 28, doubling the previous week and smashing expectations as the U.S. begins to take measure of just how badly the coronavirus pandemic is ravaging the economy.

The consensus estimate of economists polled by Econoday was for jobless claims of 3.35 million, with the range of estimates running from 2 million to 4.5 million claims.

For the week ended March 21, initial jobless claims were reported at 3.28 million, beating the previous record of 695,000. The March 21 figure was revised April 2 to 3.31 million.

The U.S. Labor Department said individual states continued to broadly cite increased layoffs in the services sector, especially the accomodation and food industries. "However, state comments indicated a wider impact across industries," the department said.

"This marks the highest level of seasonally adjusted initial claims in the history of the seasonally adjusted series," the department said. "Nearly every state providing comments cited the COVID-19 virus."



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'Every report is worse'

Several economists reached by S&P Global Market Intelligence said it has become increasingly difficult to project the effects of COVID-19 amid massive layoffs at retailers, airlines, restaurants, hotels and small businesses.

"The only constant in the past two months has been that every report is worse than the one you got 72 hours before," Michael Hicks, director of the Center for Business and Economic Research at Ball State University, said in an interview. "So I'm not terribly shocked by that number."

Even the past two weeks' unprecedented numbers do not tell the whole story as there is surely a lag in successfully filed applications due in part to overwhelmed staff and phone lines, as well as the fact that people usually wait some amount of time after losing their job to file, economist Rajeev Dhawan said.

"The numbers were shocking but there is more coming in the pipeline," said Dhawan, director of economic forecasting at Georgia State University. "Right now, it's going to stay in hospitality before it goes into other arenas."

The latest figures, which come a day ahead of monthly nonfarm payroll data. The report is not expected to capture the tumult in the job market because it is based on a survey that concluded in mid-March, but economists are bracing for sharp increases in the unemployment rate starting with the April data, due out in early May.

INC Economics projected after these staggering weekly jobless claims that the U.S. could see as high as a 10% reading for April unemployment. Analysts at Goldman Sachs expect the U.S. unemployment rate to hit 15% by mid-2020.

Four more states issued stay-at-home orders yesterday to contain the spread of the coronavirus, triggering fears that unemployment claims will continue to mount as more than 80% of all U.S. residents are now subject to restrictions.

The four-week moving average climbed to 2.61 million from an upwardly revised average of 1 million in the preceding week.

Debate over more aid

With seasonally adjusted unemployment claims adding up to 10 million in just two weeks, pressure is mounting on Washington to provide further economic relief for laid-off workers, even after a \$2.2 trillion aid package was enacted.

The aid bill, signed into law by President Donald Trump on March 27, provides \$1,200 to Americans who earn less than \$75,000 annually or \$2,400 for couples who together earn less than \$150,000 per year. Both amounts taper off for salaries up to \$99,000 per person. On top of those checks, which Treasury Secretary Steven Mnuchin expects to be deposited to Americans in the coming weeks, the bill includes roughly \$250 billion in enhanced unemployment benefits, allowing those who have lost their jobs to earn an additional \$600 per week for four months.

House Speaker Nancy Pelosi, D-Calif., has already signaled her intent to get the ball rolling on the next coronavirus relief bill. However, Sen. Majority Leader Mitch McConnell, R-Ky., has called those efforts "premature" even as layoffs and furloughs continue at companies such as Macy's Inc. and Marriott International Inc. Both houses of Congress are on recess for much of April.

In the week ended March 21, seasonally adjusted insured unemployment surged to 3.03 million, the highest since July 2013, from a revised 1.78 million in the previous week. The seasonally adjusted insured unemployment rate, which measures the proportion of the labor force receiving unemployment benefits, rose to 2.1% from 1.2%, according to the Department of Labor's April 2 report.

"It is remarkable how fast the economy is bleeding jobs," Scott Hoyt, senior director for Moody's Analytics, said in an interview. "And while we can still hope it is short, the current recession will be historically severe."

Article updated at 11:55 a.m. ET on April 2, 2020, to add comments from economists and more details from the jobless claims report.

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