

Economic Analysis

Initial Claims now 55 Consecutive Weeks below 300K, the Longest Streak Since 1973

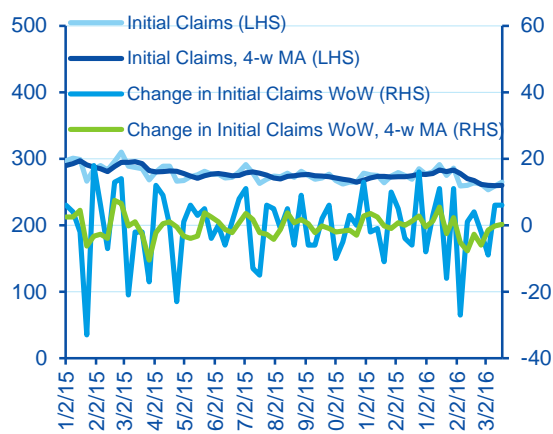
Filip Blazheski

- Initial claims increased modestly (6K) in week ending March 19th
- Continuing claims for week ending March 12th decreased 39K compared to prior week
- Growth in insured unemployment in oil and gas-exposed states has stabilized or slowed

According to the Department of Labor, the seasonally adjusted advance initial unemployment insurance claims figure for the week ending March 19th was 265K, 6K more than the downwardly revised figure for the week before. This was in line with what many economists expected, and slightly below the consensus of 268K. Initial claims have now remained below 300K for 55 consecutive weeks, the longest streak since 1973, when the labor force was significantly smaller. The four week moving average remained roughly at 260K (Chart 1) for the third week in a row. The last time it was this low was also in 1973.

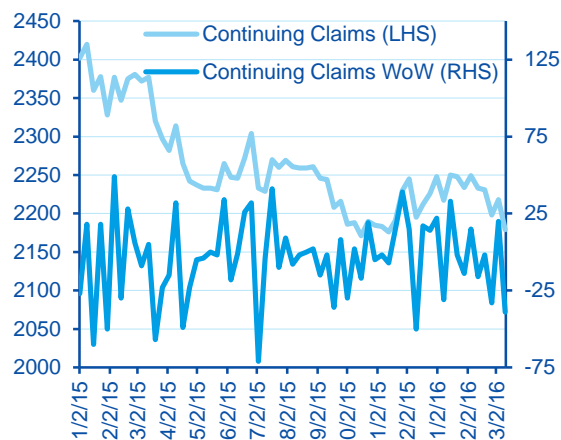
The number of insured unemployed (continuing claims) for the week ending March 12th was 2,179K, a decrease of 39K from the week before (Chart 2). This is the lowest figure in 17 weeks, and further reinforces the view that the labor market is continuing to improve. Continuing claims remained on a downward trend, which started in the second half of February.

Chart 1
Initial Unemployment Insurance Claims
Thousands



Source: Department of Labor and BBVA Research

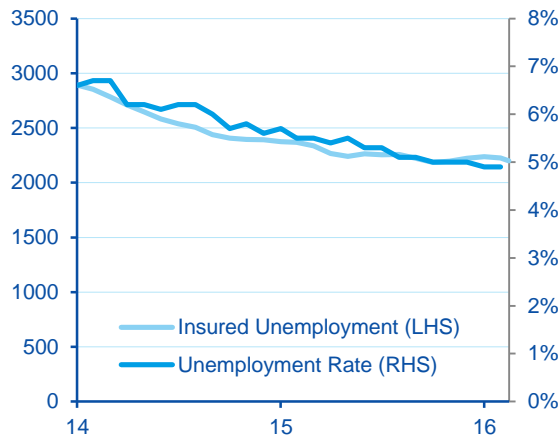
Chart 2
Continuing Unemployment Claims
Thousands



Source: Department of Labor and BBVA Research

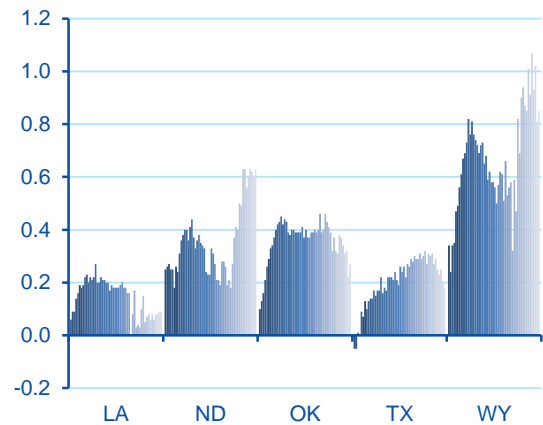
The decrease in insured unemployment so far this month is likely to result in an unchanged unemployment rate for March (Chart 3), while the overall solid performance of the labor market could lead to a continued increase in the labor force participation rate, which has been on an upward trend since October. Looking at the unemployment situation by state, the growth in the insured unemployment rates in the states exposed to the downturn in the oil and gas industries seem to have stabilized or slowed, even though there are significant differences from state to state (Chart 4).

Chart 3
Continued Claims and Unemployment Rate
Thousands and Percent



Source: Department of Labor and BBVA Research

Chart 4
Insured Unemployment Rate in Last 52 Weeks
YoY Percentage Point Difference



Source: Department of Labor and BBVA Research

The favorable initial and continuing claims data for the first half of March indicate that the positive labor market developments are continuing. We expect 2% employment growth in 2016, down from 2.1% in 2015, with an average unemployment rate of 4.9% for the year, but with the labor force participation rate continuing to pick up gradually throughout the year or stabilizing at a higher level than last year.

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