

Economic Analysis

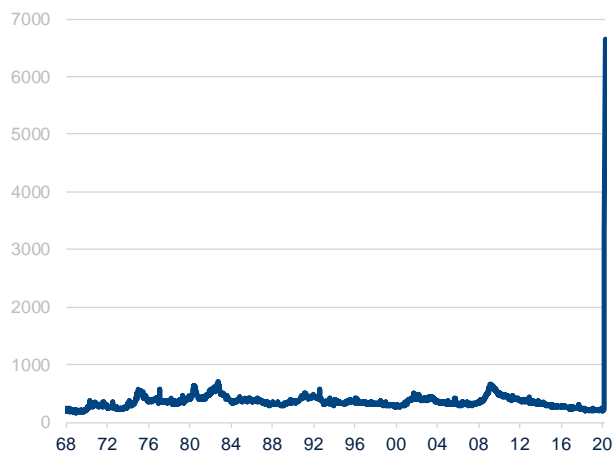
# Sky-high unemployment claims confirm significant damage to economic activity

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Unemployment insurance weekly claims reached 6.65M in the week ending March 28, the highest level in the history of the series dating back to 1967. This was also more than twice the increase in the previous week, which was revised up by 24K to 3.31M, and significantly higher than the previous record-high of 695K in October 1982. Meanwhile, the insured unemployment rate increased 0.9pp to 2.1%. The largest increases in claims occurred in CA, PA, NY, MI and TX, accounting for almost 40% of total. At the industry level, the impact of the pandemic is more pronounced in accommodation and food services, arts, entertainment, and recreation, health care and social assistance, educational services, retail trade, manufacturing, and waste management and remediation services.

Despite the sharp increase in claims during the second half of the month, March’s employment report, which comes out tomorrow, will not capture the bulk of the shock as the survey week includes up to the 12th day of the month. Thus, while payroll could show a modest decline and unemployment an increase, the unemployment rate will only increase slightly. However, if current trends continue, payroll in April will decrease abruptly while the number of unemployed could reach almost 20M. This will mark the highest on record far outpacing the 15.4M in October 2009. The unemployment rate could reach more than 12%, which would outstrip the record-high of 10.8% in 1982. Nonetheless, as more workers become unemployed in late April and May, these figures could continue rising during the summer.

Figure 1. Initial Unemployment Insurance Weekly Claims, (thousands)



Source: BBVA Research and Haver Analytics

Figure 2. Initial Claims During Week Ended March 28 (NSA, thousands)

State	Advance	Prior Wk	Change
California	879	186	692
Pennsylvania	406	377	28
New York	366	80	286
Michigan	311	128	183
Texas	276	155	120
Ohio	272	196	76
Florida	227	74	153
New Jersey	206	116	90
Washington	188	130	58
Massachusetts	181	148	33
Illinois	178	114	64
North Carolina	171	94	77
Indiana	146	60	86

Source: BBVA Research and Haver Analytics

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