ECONOMY U.S. ECONOMY

Easing Unemployment Claims Show Slower Pace of Coronavirus-Related Layoffs

U.S. workers seeking assistance remain historically high, but number receiving benefits fell for the first time since February

Weekly unemployment claims have held above 2 million jobs since mid-March, breaking records dating back to the late 1960s.
PHOTO: ROGELIO V. SOLIS/ASSOCIATED PRES

By *Eric Morath*
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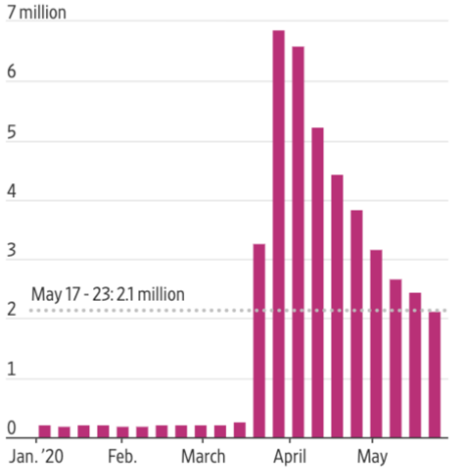
U.S. workers filed fewer unemployment applications for the eighth straight week, but the level of claims remained 10 times higher than before the coronavirus pandemic.

New claims for jobless aid declined to a seasonally adjusted 2.1 million last week from 2.4 million the prior week, the Labor Department said. Meanwhile, the number of workers receiving jobless benefits fell to 21.1 million in the week ended May 16, down 3.9 million from the prior week. It was the first decline in the number receiving benefits since February, but the level remains well above the record before this year—6.5 million in 2009—near the end of the last recession.



Note: Seasonally adjusted, latest figure is preliminary
Source: Labor Department

Weekly unemployment claims—a proxy for layoffs—have held above 2 million jobs since mid-March, breaking records dating back to the late 1960s. The number of workers initially seeking jobless benefits peaked at a seasonally adjusted 6.9 million for the week ended March 28.

"I think we've hit the bottom, as far as layoffs," said Marianne Wanamaker, a labor economist at the University of Tennessee. Some laid-off workers are being recalled to their jobs. "Auto factories and suppliers have called back workers and you're seeing states that shut down construction allowing those projects to restart," she added.

Still, in the past three months, shutdowns intended to slow the spread of the coronavirus caused mass layoffs and a steep economic contraction.

Separate data Thursday showed gross domestic product—the value of all goods and services produced across the economy—fell at a downwardly revised 5.0% annual rate during the first three months of the year, adjusted for seasonality and inflation, the Commerce Department said Thursday.

Most economists expect a bigger contraction in the second quarter, when lockdowns continued for weeks before states started slowly reopening their economies in May.

The U.S. economy contracted 5% in the first quarter of 2020. With the coronavirus crisis continuing into the summer, economists are expecting an even steeper contraction in the second quarter. WSJ's Carter McCall explains how GDP is calculated and how the coronavirus is affecting the equation. Photo Illustration: Jacob Reynolds/WSJ

Also Thursday, the Commerce Department said corporate profits declined sharply to start the year and orders for long-lasting durable goods, such as machinery and trucks, fell 17.2% in April from a month earlier.

In the labor market, a continued high level of jobless-benefit applications indicates that retailers, factories, municipal governments and other employers are laying more workers off, and that Americans out of work for weeks are managing their way through overwhelmed state systems.

However, rising claims no longer necessarily means rising further because new job losses are increasingly offset by workers being recalled or otherwise finding employment.

Tents Unlimited, an event rental company in Torrington, Conn., recently recalled three laid-off workers after it qualified for a federal loan and the state allowed restaurants to start serving patrons outside last week. That caused a rush in orders for tents and tables, said Brittany Sherwood, who owns the business.

The company still has one employee on layoff and has forgone hiring about six temporary workers it would have needed to staff the usual crush of spring weddings and corporate events.

“It’s going better—it was pretty bleak before,” Ms. Sherwood said. The restaurant orders don’t replace all the lost work “but it helps pay the bills.” The company’s sales are still down 80% from last year, but she is hopeful it can survive until 2021, which she expects to be a spring busy with rebooked weddings.

The primary claims totals from the Labor Department exclude self-employed and gig-economy workers receiving unemployment benefits for the first time through a temporary coronavirus-related program.

New claims to that program fell slightly in the week ended May 23 to 1.19 million from 1.25 million. Unlike the regular claims program, pandemic assistance data isn’t seasonally adjusted, and accounted for separately.

Many states have only started paying benefits through the new program in recent weeks, suggesting recent claims likely reflect a backlog built since March. It is also likely some applying for the relief program earlier sought assistance through state programs and had applications rejected.

Crystal Hollings, of Pascagoula, Miss., is among those leaving benefit rolls to return to work.

She was laid off from the Goodwill Ocean Springs Mega Store for several weeks this spring, but recently returned to prepare the thrift shop for a June 1 reopening. benefits allowed Ms. Hollings to pay her bills, but she was relieved to return to the store, a job she said lifted her and her family out of homelessness in 2016.

“I love what I do and I love being around people,” she said. “I’m just trying to make it safe and clean for all our customers to come back.”

The store will require employees to wear masks and gloves and stay 6 feet from customers. When Ms. Hollings reapplied for employment she sought, and received, a promotion to assistant manager. She said not all of her former co-workers returned.

“Some didn’t want to come back because they’re still iffy on the pandemic,” she said. “I wanted to come back the next day [after her layoff]. I’m not one to sit at home.”

State Peaks

Worker claims for unemployment benefits in most states have slowed after peaking at historic levels in late March.

Note: Latest figures are preliminary

Source: Labor Department
Danny Dougherty/THE WALL STREET JOURNAL

—Harriet Torry and Josh Mitchell contributed to this article.

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