

THE WALL STREET JOURNAL.

Weekly Unemployment Claims Drop Below One Million for First Time Since March

Number of people collecting unemployment benefits through regular state programs also fell at the beginning of August



New unemployment benefits claims are down significantly from a peak of near seven million in March, but remain at historically high levels.

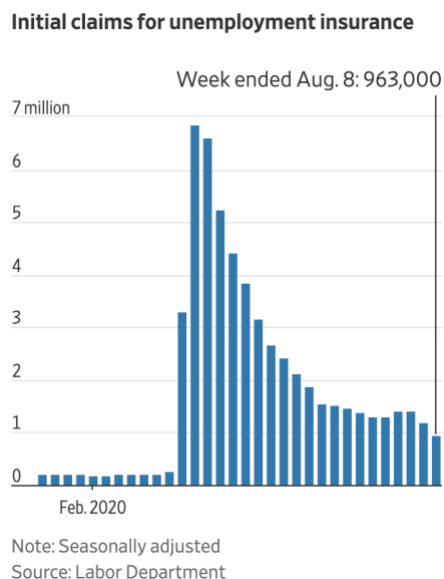
PHOTO: DAMIAN DOVARGANES/ASSOCIATED PRESS

By Sarah Chaney

Updated Aug. 13, 2020 6:02 pm ET

U.S. unemployment claims fell below one million last week for the first time since [the coronavirus pandemic](#) struck in March, as the deeply wounded labor market continues to regain some footing.

New applications for unemployment benefits [dropped to a seasonally adjusted 963,000](#) in the week ended Aug. 8, the Labor Department said Thursday, marking the second weekly reduction in filings. The number of people collecting unemployment benefits through regular state programs, which cover the majority of workers, also decreased to about 15.5 million at the beginning of August.



But both figures remain well above even the worst figures before the pandemic struck, with the number of people receiving benefits more than double the 6.6 million reached in 2009.

Unemployment remains elevated as other measures of the economy, including consumer spending, also lag behind levels from before the coronavirus hit. An increase in coronavirus infections across much of the country continues to threaten economic gains as states put in place new restrictions aimed at containing the pandemic.

Still, the decline in jobless claims indicates layoffs are easing and hiring is picking up, said Julia Pollak, economist at job site ZipRecruiter.

“There may now just finally be enough activity to make businesses feel confident enough to try to open their doors, even though they’re running at a low capacity in most cases,” she said.

The drop in claims could also reflect waning fiscal support by the government, Ms. Pollak said. The late-July expiration of an extra \$600 a week in federal jobless benefits—added in March under a virus-relief package—puts much less money in unemployed individuals’ pockets, possibly discouraging them from seeking benefits.

Without the \$600 weekly boost, payments dropped to the level set by states, which averaged about \$330 a week for the 12 months through June, according to the Labor Department.

Gus Faucher, economist at PNC Financial Services Group, said the income boost helped prop up outlays for many households. Without it, some consumers will likely cut back on their spending this month.

“That is going to be a drag on the recovery,” he said.

The Commerce Department releases fresh figures on retail sales Friday, and economists estimate sales rose at a slower pace in July than in the spring. Newer data suggest retail spending weakened this month, likely a result of the expiring unemployment aid.

With Congress unable to agree to extend the aid, President Trump signed an executive action Saturday that authorized states to extend a federally funded \$300 in benefits and provide an extra \$100 in state-funded benefits. States likely won't start implementing the supplemental benefits for weeks, and funding could be exhausted a month and a half later, a senior Labor Department official said this week.

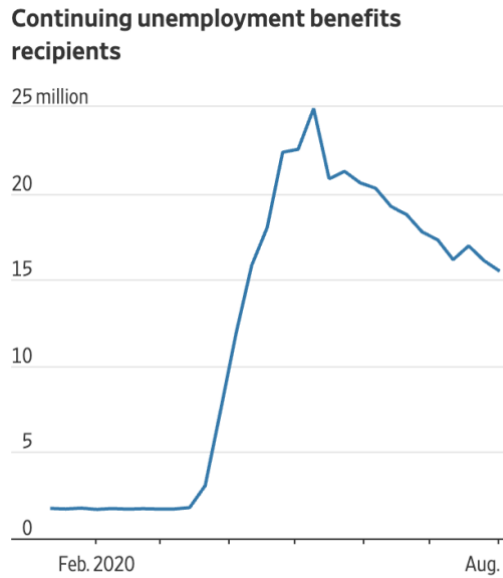
Actual claims figures—numbers not adjusted for seasonal factors—dropped as well, falling by 156,453 to 831,856. Economists have been watching for distortions in the seasonally adjusted figures, given the scope of shifts in economic data caused by the pandemic.

Some workers who don't qualify for benefits under regular state programs—such as the self-employed, gig workers and parents who can't find child care—can collect benefits under a federal stimulus bill passed in March. About 10.7 million individuals were collecting benefits through this program at the end of July, a decline from the previous week's 13 million.

Economists are watching claims figures to see if they will tick back up once the new federal unemployment aid kicks in. Many people who have returned to the

workforce are also finding that new jobs can be short-lived as the [U.S. struggles to contain the virus](#).

A Cornell University survey that showed about 31% of workers who were placed back on payrolls after an initial layoff were laid off a second time.



Note: Seasonally adjusted
Source: Labor Department

Fort Lauderdale, Fla., resident Zack Matthews has lost his job multiple times in recent months. Mr. Matthews was laid off from his creative director position at a telecommunications company in March. When his unemployment benefits didn't come through, Mr. Matthews picked up a job as an overnight manager at a bar and grill in late June, but was laid off two weeks later.

Mr. Matthews started a new job at the end of July as a production manager at a photo and video studio. His unemployment benefits arrived in two lump-sum payments at the

beginning of August, four months after he had first applied for them.

"It's been quite a year," Mr. Matthews said.

YOU MAY ALSO LIKE
UP NEXT

Related Video



More than 50 million Americans have filed for unemployment since the start of the pandemic, overwhelming some states. WSJ visits an unemployment processing event in Ardmore, Okla., to hear from some of the people waiting to get help with their claims. Photo: Benjamin Lindsey

Other indicators also suggest the battered labor market is healing and likely past the worst of the crisis. Employers [added 1.8 million jobs in July](#), the third consecutive month of hiring gains. The jobless rate fell last month to 10.2% [after peaking near 15% in April](#).

ZipRecruiter measures of job searching are modestly trending up but remain below prepandemic levels.

Four-fifths of the increase in unemployment between February and May was likely temporary, the Trump administration estimated Thursday in a report. The Council of Economic Advisers report also said coronavirus relief spending has significantly reduced the economic pain caused by the pandemic.

Tara McCracken, Goodwill Industries International Inc.'s director of workforce development in Northwest North Carolina, said the agency has seen greater demand for its job-search programs within the past two months.

"They want to get to work," Ms. McCracken said, noting job openings in the leisure-and-hospitality industry—the lifeblood of Asheville, N.C.'s economy—have been scarce, but appeared to tick up last week.

—*Kim Mackrael contributed to this article.*