

## US: Labour pains continue

Jobless claims show the rate of increase in lay-offs is slowing, but they remain quite bad. Meanwhile, the manufacturing plunge adds to fears unemployment will only fall slowly



**22.034m** The number of jobs lost in the past four weeks

### Nearly all the jobs gained since the Great Financial Crisis are now lost

Jobless claims came in a touch lower than expected at 5.245 million (consensus 5.5m), but it is still a terrible outcome for those impacted. This brings the number of jobs lost over the past four weeks to just over 22 million. It is probable that some of those who have lost jobs, which we assume primarily impacts people in retail, entertainment and at bars and restaurants, have subsequently found work at grocery stores, logistics and delivery, but the overwhelming majority will not.

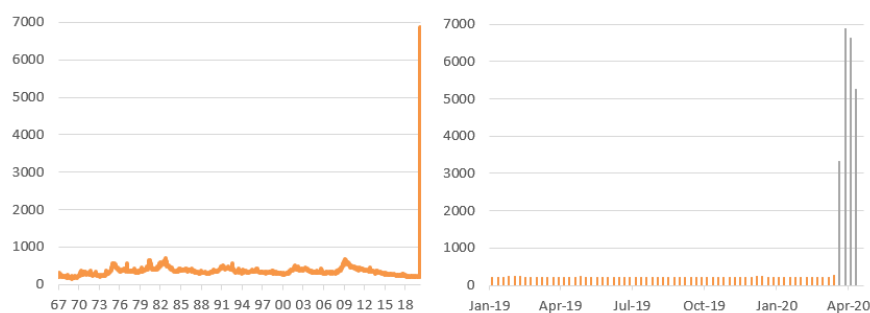
Note here that continuing claims are at just under 12 million versus around 1.7 million in February, but we need to remember that there is an extra week of lag here – the latest number is only for

the week of 3 April – so ancient history, given what has been going on. Moreover, the numbers will understate the true picture given they won't include undocumented migrant labour, which will be very vulnerable to firings in the current environment.

The week of 12 April was also when the data for the US jobs report is collected. The fact that we have seen more than 22 million people fired or furloughed since the data collection week for the March jobs report suggests that we are going to break the record of 1.959m jobs lost in September 1945. That was the result of military demobilisation in Europe in the wake of the ending of World War II to give you some context.

Given some people will have found work and the fact there will need to be some working day and seasonal adjustment to the raw figures we tentatively estimate payrolls will fall by around 15 million with the unemployment rate hitting 14%. This would mean all the jobs gained since 2009 have been lost in the best part of a month!

### Initial jobless claims (000s)

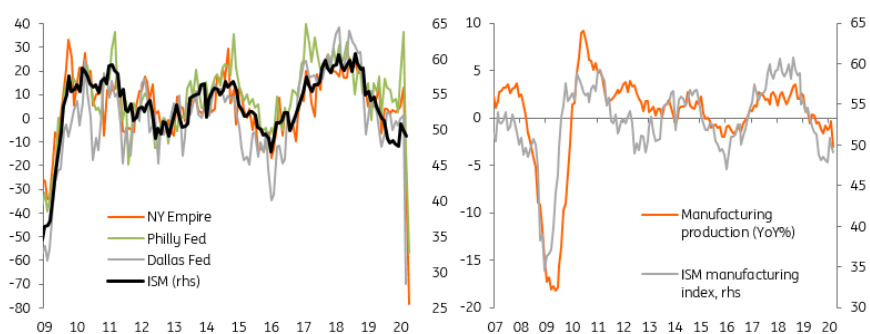


Source: Bloomberg, ING

### Manufacturing woes add to job fears

Today's Philadelphia Fed index, like yesterday's NY Empire survey has hit new record lows - the Richmond Fed manufacturing survey got there last month. As the chart below shows it is consistent with the headline ISM manufacturing index falling to the 25-35 region - it fell to 34.5 in December 2008. In turn, this suggests we could see manufacturing output fall by more than the -18% year on year seen at the depth of that crisis. The worry here is that business will end up cutting costs despite government and Federal Reserve support programmes – this is bad news for capex and also jobs meaning that awful labour market data will subside only slowly.

### Regional PMIs point to horrible ISM and manufacturing output



Source: Bloomberg, ING

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