

30 April 2020

Snap

US: 30 million jobs lost

Another 3.839 million people filed a new unemployment claim last week bringing the total jobs lost to 30.3 million since mid-March. With a further third of 16-65 year olds economically inactive, less than half of the working age population of America will be earning a wage in May



30.3mn

 New jobless claims in past six weeks

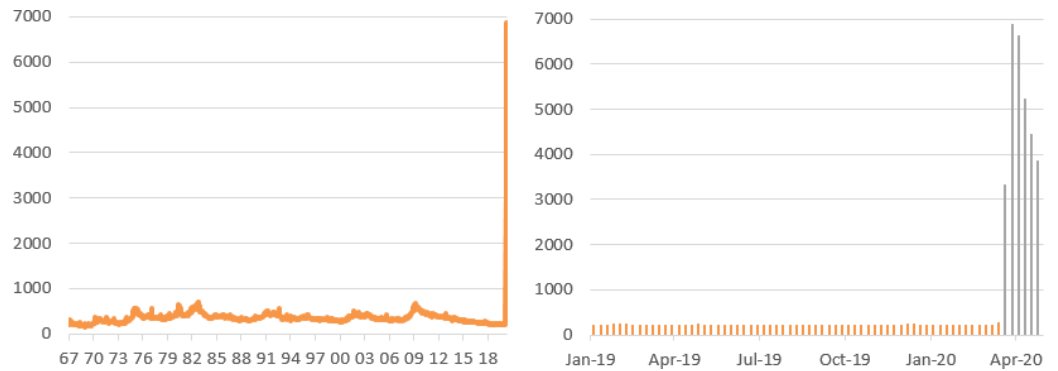
Yet another grim day for the household sector

Initial jobless claims for the week of 25 April were 3.839 million versus the consensus forecast of 3.5 million. This is the fourth consecutive slowing in the pace of new jobless claims, but it is still horrible and underlines the severe economic consequences of the Covid-19 containment measures. More than 30 million jobs have been lost since mid-March and many more are set to follow as companies across all sectors in the economy feel the strain of the collapse in demand.

It is clear that while the initial wave of job losses were concentrated in retail and hospitality due to the shutdowns, they are spreading to suppliers and to other industries. Terrible manufacturing surveys point to job losses – tomorrow's ISM survey will likely break through the lows of 12 years ago - and the business service sector is certainly not going to be immune.

Furthermore, the re-opening of some states, including Georgia, Tennessee, South Carolina and Florida, appear to have gone fairly slowly. Consumers remain reluctant to go shopping or visit a restaurant due to lingering Covid-19 fears, while the social distancing restrictions placed on the number of customers allowed in restaurants do not make it economically justifiable for some to open. Evidence so far suggests very little chance of a V-shaped recovery, meaning that unemployment is unlikely to come down anywhere near as quickly as it has been going up.

Weekly initial jobless claims (000s)



Next week's jobs report

The April jobs report is published on Friday 8 May, but we have to remember the data is collected in the week of the 12th so today's numbers will actually be more applicable to the May jobs report, published in early June.

If we assume unemployment has risen 20 million in April, that would push the unemployment rate to around 16%. An additional 10 million unemployed in May and we are looking at an unemployment rate of around 22%. Thankfully, this is below the 24.9% peak experienced in 1933, but we have to remember that one third of Americans aged 18-65 are not classified as employed or unemployed – they are students, early retirement, homemakers, carers or sick.

This leads us to yet another sobering statistic – that less than half of working age Americans will be earning a wage next month. In an election year, this means that the call for politicians to re-open the economy is only going to get louder, irrespective of the health advice.

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