

Economics Group

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Rise in Initial Claims Signals Precarious State of Labor Market

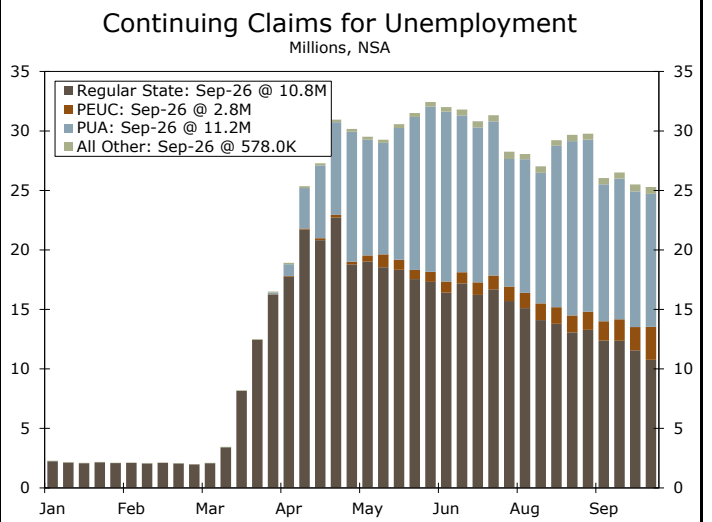
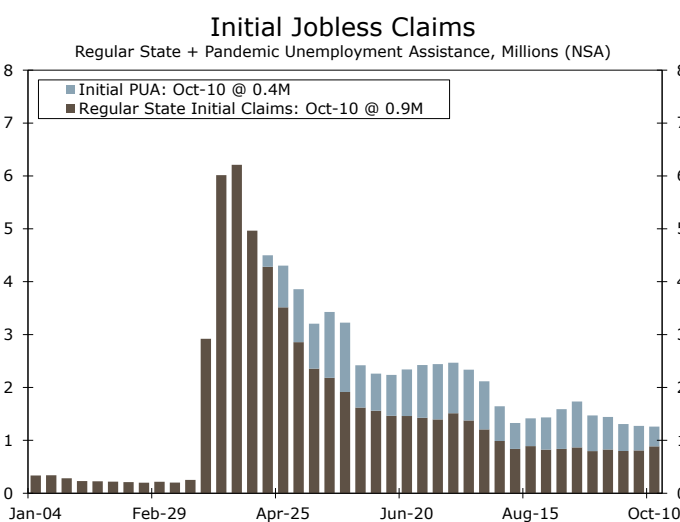
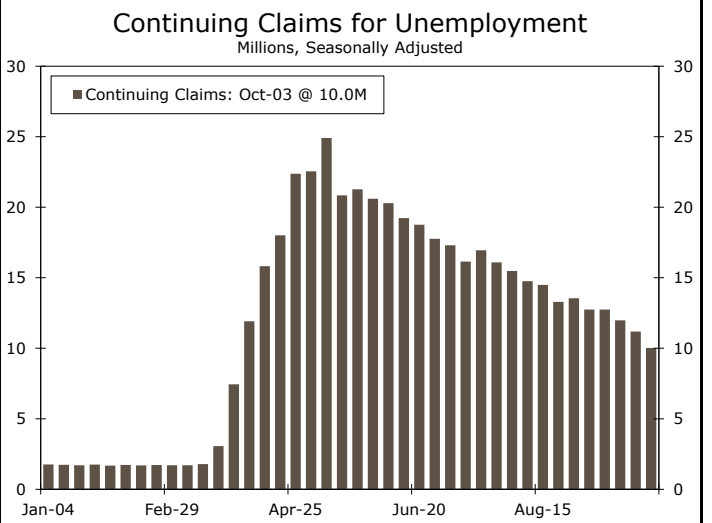
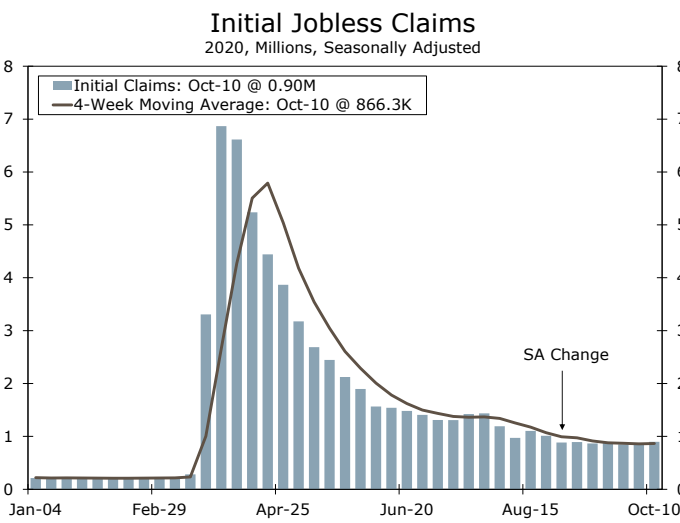
Regular initial jobless claims unexpectedly jumped last week to 898K. New claims under the PUA program, however, fell. The number of benefit recipients is still elevated at 25.3M as additional support remains elusive.

Going the Wrong Direction

- The risk of the labor market’s recovery going into reverse was on full display with the latest jobless claims report. Initial filings for regular state programs rose well-above expectations to 898K.
- The rise in claims comes despite estimates for California, the most populous state, being held at the level prior to when the state paused filings in mid-September. More positively, however, initial claims for the new PUA program fell 91K.

Still Stressed

- Continuing claims declined 1.2M the week ending Oct. 3, but the drop likely reflects more workers exhausting benefits. Over the prior week (ending Sep. 26), recipients of the PEUC program, which provides an additional 13 weeks of benefits, rose 818K.
- The number of benefit recipients across all programs moved down slightly the week of Sep. 26, but at 25.3M it illustrates the wide-degree of stress that remains within the labor market.



Source: U.S. Department of Labor and Wells Fargo Securities

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