



Economics Group

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Initial Claims Highlight the Sour Start to the Year

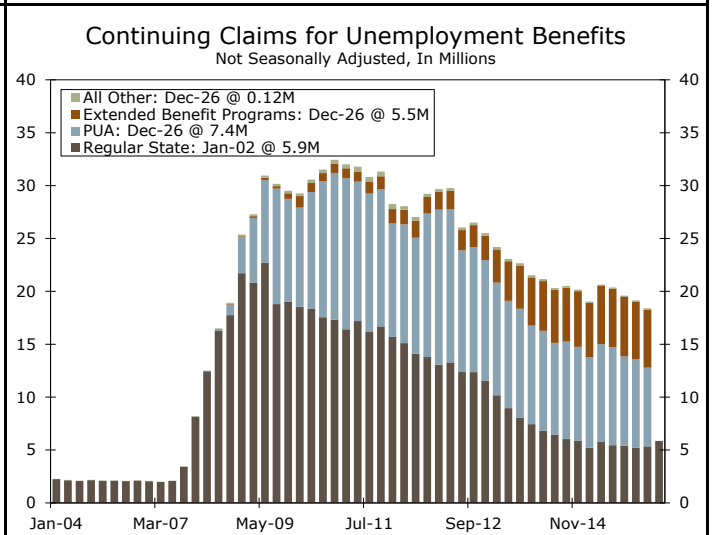
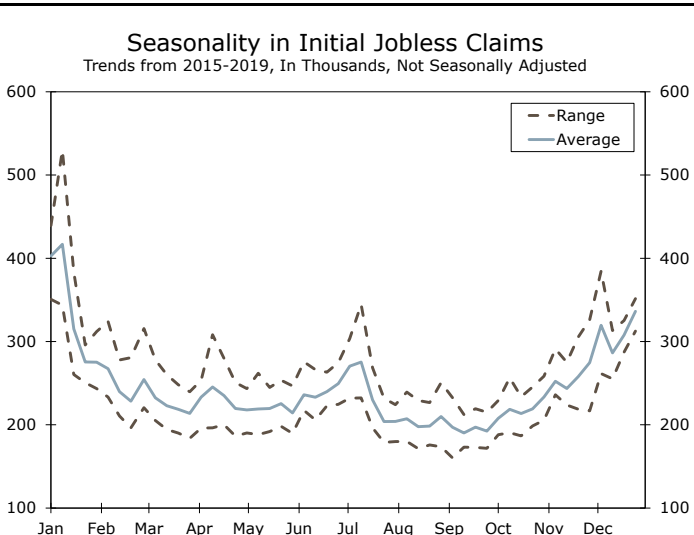
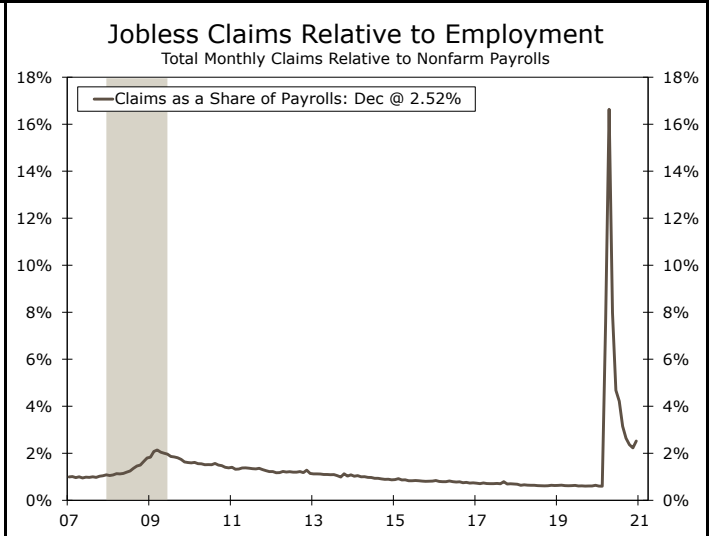
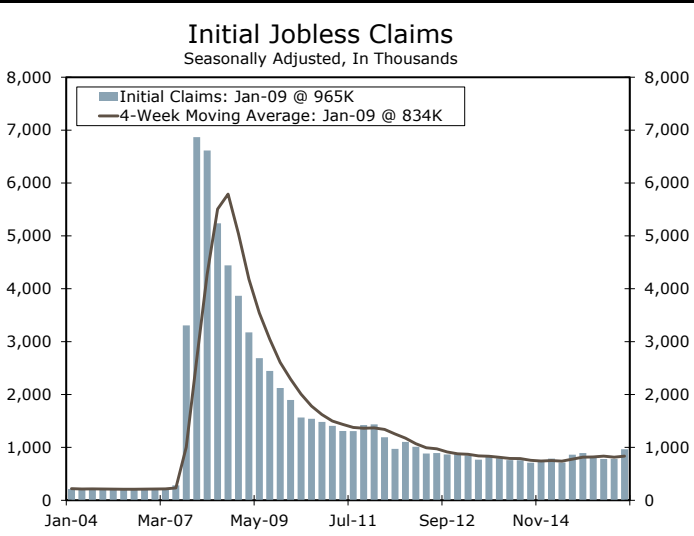
Jobless claims soared to 965K the first week of January, rising to the highest weekly reading since August. While seasonal adjustment is hard this time of year, the recent wave of COVID is clearly weighing on jobs.

2021 Gets Off on the Wrong Foot

- The worsening state of the pandemic is bearing down on the labor market. Initial jobless claims jumped to 965K last week, an increase of 181K. The start of the year usually sees a surge in filings (unadjusted claims reached 1.15M) and the timing of holidays makes seasonal adjustment particularly hard this time of year, but that cannot fully explain away the rise. The four-week average rose near its three-month high of 835K.

Heightened Instability

- Ten months into the pandemic, job instability remains tremendous. New filings relative to the number of jobs in the economy remains higher than at the peak of the Great Recession.
- With the jobs recovery stalling, the extra \$300 in weekly benefits provided by the COVID relief bill could not come soon enough for many families. Continuing claims for regular benefits are rising again, while recipients across all programs total more than 18M.



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

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