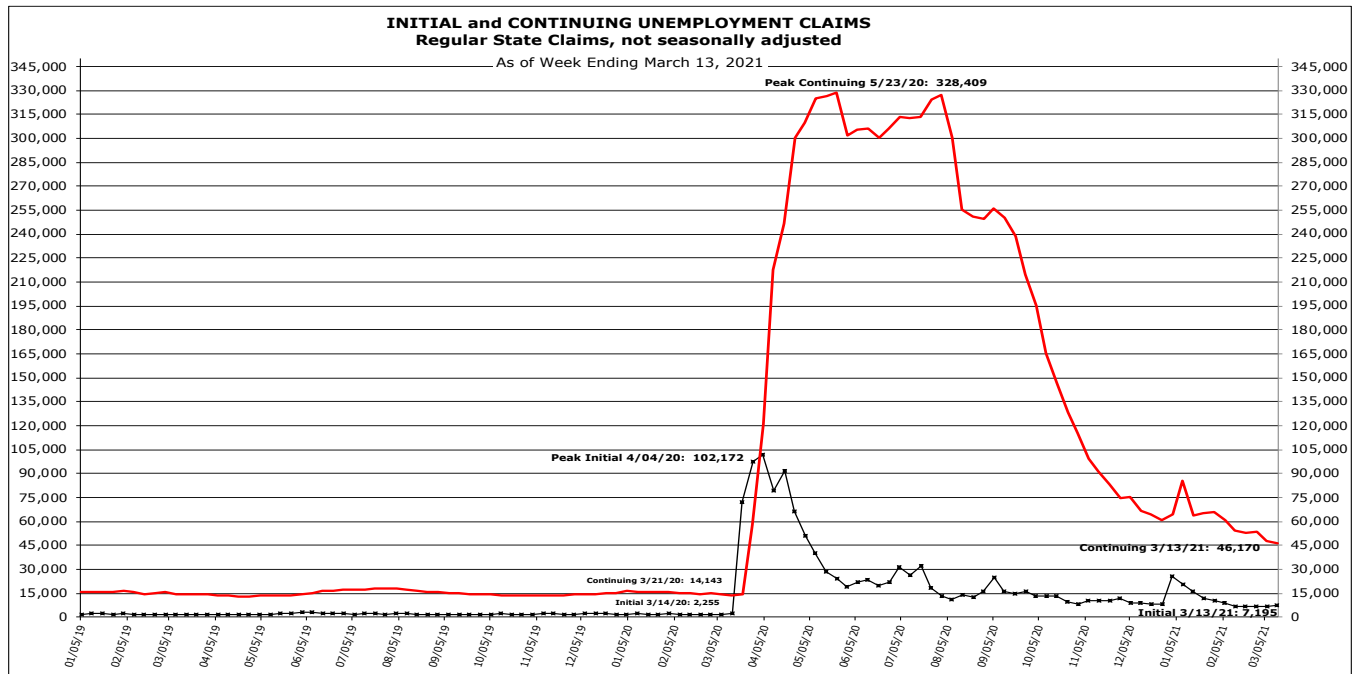


Current State of the Economy: Weekly Unemployment Claims Week-Ending March 13, 2021

The state of the economy has been dramatically altered by the coronavirus pandemic. Economic indicators that can provide high frequency information regarding the economic effects of the pandemic are weekly unemployment insurance claims, both initial claims and continuing claims. This data is reported by the Louisiana Workforce Commission at the end week for the week that ended on the previous Saturday. This brief summarizes this information as a way to help assess the current state of the economy, and provide insight into its likely future path.

Regular State Initial and Continuing Claims Levels



The graph above depicts weekly regular initial and continuing unemployment claims, and places the current coronavirus impact in historical context back to the beginning of 2019, more than a year before the effect of the pandemic began. This data is not seasonally adjusted, but seasonal patterns are not visually obvious in the graph above with observations plotted in such a large absolute scale space. This recent historical context makes clear the enormous outsized impact of the current coronavirus event¹, when compared to the pre-pandemic period. As a general rule of thumb, trend increases in initial claims reflect more firing, while decreases reflect less firing. At the same time, trend increases in continuing claims reflect less hiring, while decreases reflect more hiring. However, the rule of thumb with respect to continuing claims is currently not as applicable, since regular state unemployment benefits expire after 26 weeks; beginning around mid-September 2020 with respect to the surge of pandemic related claims beginning around mid-March 2020. Thus, the falloff in regular state continuing claims is the due to a combination of net employment gains after the April 2020 trough in employment as well as the expiration of state benefits for workers who have not been rehired.

Prior to the coronavirus event, regular initial claims were about 2,000/week (bottom series in black), a historically low level. For the week ending March 21, 2020 initial claims spiked up to 72,438, unambiguously reflecting the event. Weekly initial claims rapidly climbed to a peak of 102,172 for the week ending April 4, 2020, declining relatively quickly after that, and then very gradually over time since the early weeks of the pandemic. While initial claims have fallen to

¹ The claims counts depicted here are for workers who are traditionally eligible for regular state unemployment benefits, and do not include the claims reflecting pandemic unemployment assistance for workers not traditionally eligible for regular state unemployment benefits. Unemployment episodes occur for those workers as well, but no unemployment insurance claims by them have been allowed historically. Claims counts by those newly eligible workers are discussed later in this brief.

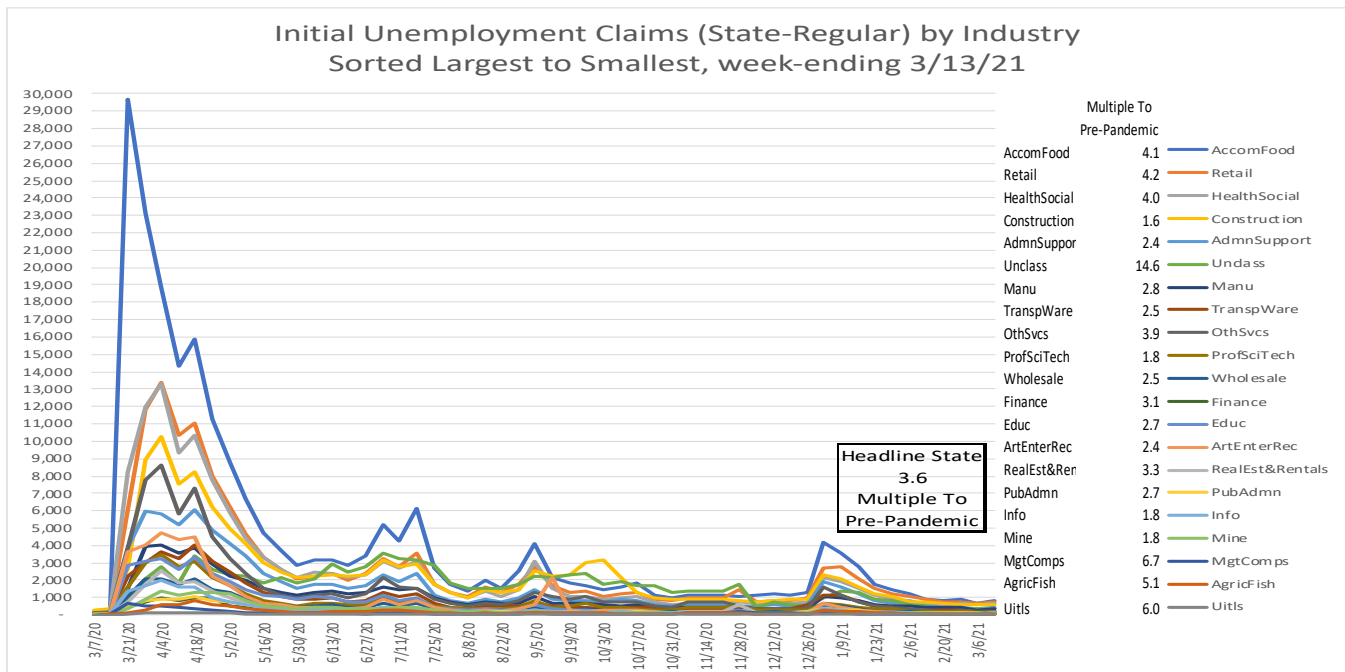
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much lower levels in recent weeks, they still remain at levels that are 3.6 times the immediate pre-pandemic levels. Claims counts for the pre-pandemic week, the peak week, and the latest week are noted on the graph.

Prior to the coronavirus event, regular continuing claims were about 14,000/week (top series in red), also a historically low level. As initial claims are processed, continuing claims accumulate and reflect the number of people who actually receive unemployment benefits². The first week reflecting the coronavirus event in continuing claims was unambiguously the week ending March 28, with 58,027 continuing claims. The pre-pandemic week, the peak week, and latest weeks' continuing claims values are also noted on the graph. Note that as the elevated weekly initial claims became processed into the weekly continuing claims count, continuing claims kept climbing and then stabilized for nearly three months even as initial claims declined after their peak week. While initial claims are still materially higher than normal, hiring/rehiring after the trough month of April and the eventual expiration of benefits have worked to diminish continuing claims considerably from the heights of summer 2020. While continuing claims have also fallen to much lower levels in recent weeks, they still remain at levels that are 3.3 times the immediate pre-pandemic levels.

The labor market is healing, as reflected in unemployment insurance claims, but is still a considerable distance away from pre-pandemic levels.

Regular Initial Claims Distribution Across Industry Sectors



The graph above depicts weekly regular state initial claims data across major industry sectors³, from the week ending March 7, 2020 to the latest reported week. It is obvious that claims are heavily reported in sectors particularly vulnerable to the pandemic event and associated social distancing behavior, as well as economic restrictions policy responses. Sharp increases in claims occurred for workers providing accommodations & food services, retail trade,

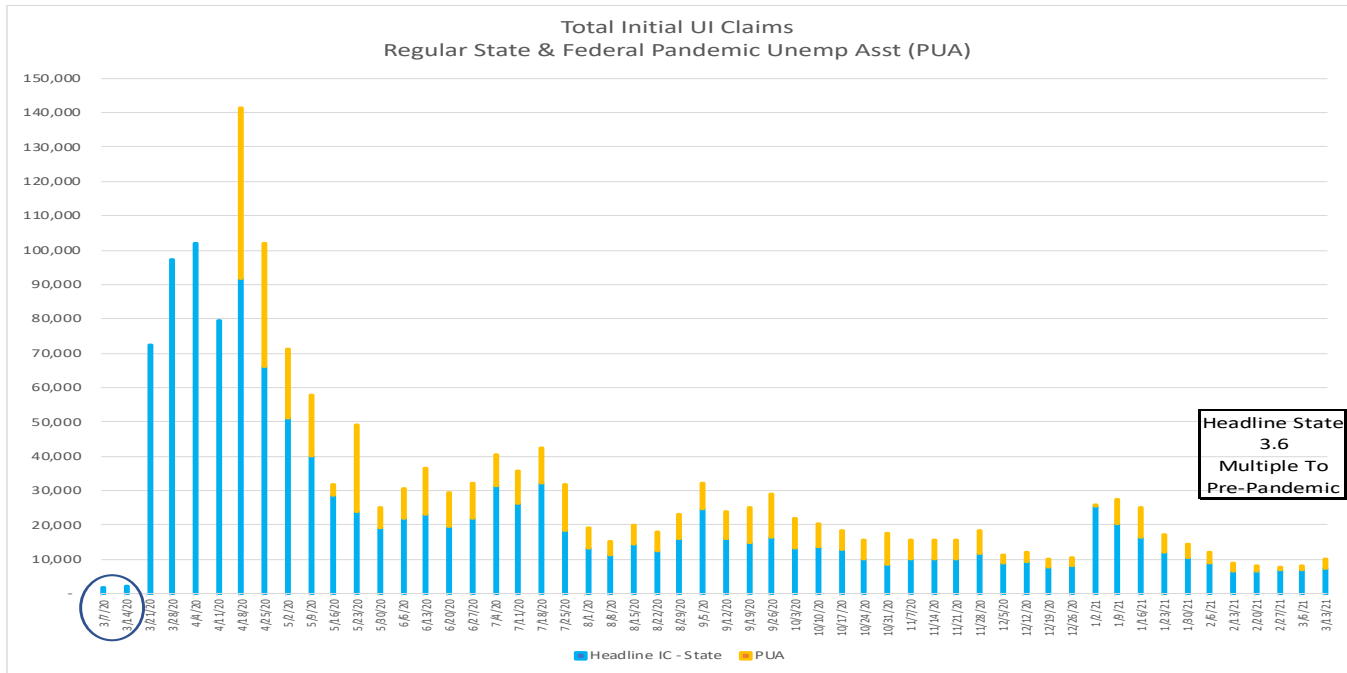
² In any given week, roughly 90% - 95% of claimants will receive an associated benefit payment.

³ Industry sectors are categorized by the North American Industrial Classification System (NAICS), which places firms in the industry that reflects a preponderance of their revenue. As an aside, the sum of initial claims by industry sectors does not equal the headline number of claims. The weekly discrepancy ranges widely, both positively and negatively, and in absolute percentage terms from near-zero to over 29% more headline claims. The average absolute percent discrepancy has been 7.2%.

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construction, health care & social assistance, and other personal services etc. However, virtually all sectors were impacted to some degree. Consistent with the first headline graph above, initial claims increased dramatically in the early weeks of the pandemic, then trended down. However, the downward trend in claims has exhibited waves of resurgence; albeit, mild in comparison to the initial stages of the pandemic. While across industries, initial claims are much lower today than in March and April of 2020, they still range from 1.6 to 6.7 times as large as pre-pandemic levels (excluding the unclassified category), with an overall headline claims multiple of 3.6 in the latest week.

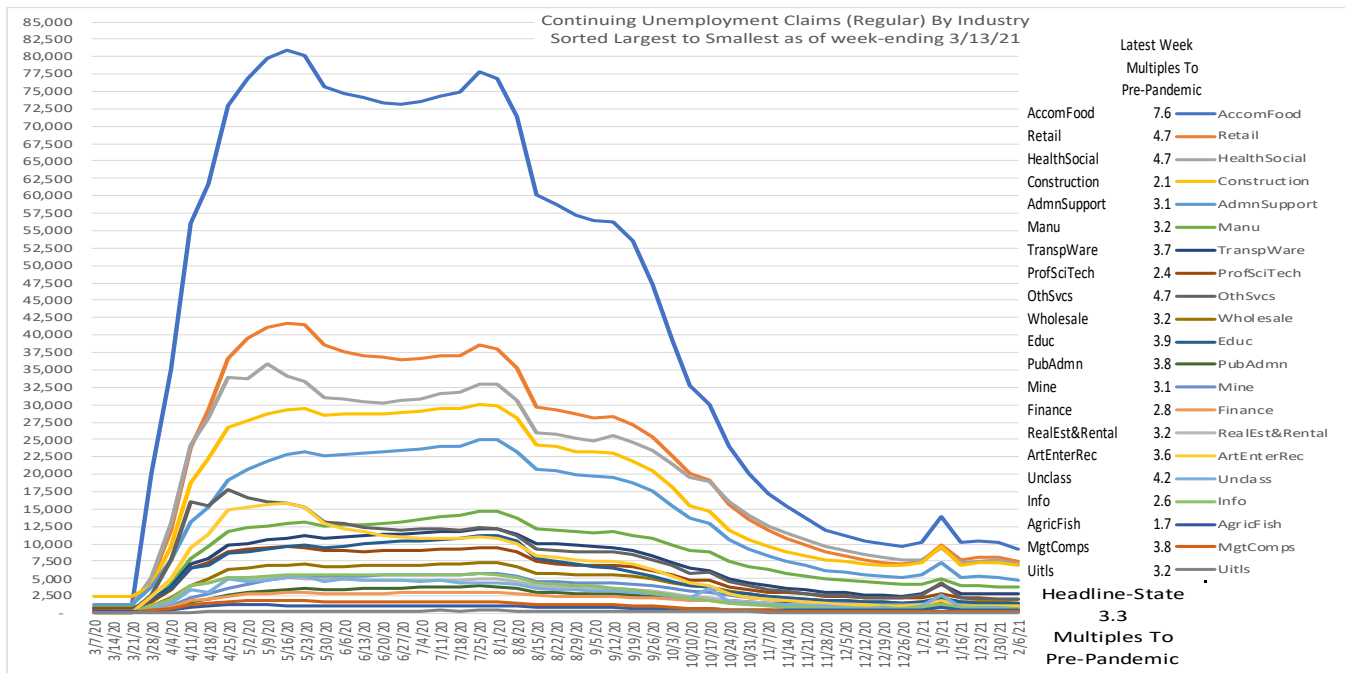
Initial Claims: Regular State and Federal Pandemic Assistance



The level of aggregate initial claims being exhibited by the economy is depicted in the graph above, including total regular state headline claims (blue column portion) each week from pre-pandemic early-March 2020 to the latest reported week. While down significantly from the earliest weeks of the pandemic, total initial claims have exhibited a cycling pattern, with a modest upward trend in recent weeks. Layoffs are still occurring at levels 1.6 – 6.7 times pre-pandemic layoffs, with layoffs overall still averaging 3.6 times the pre-pandemic level. Also depicted above are federal pandemic assistance initial claims (orange column portion). Those claims have also declined over time, although there is no pre-pandemic count for these workers, as they have not traditionally been eligible for unemployment insurance support.

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Regular Continuing Claims Distribution Across Industry Sectors

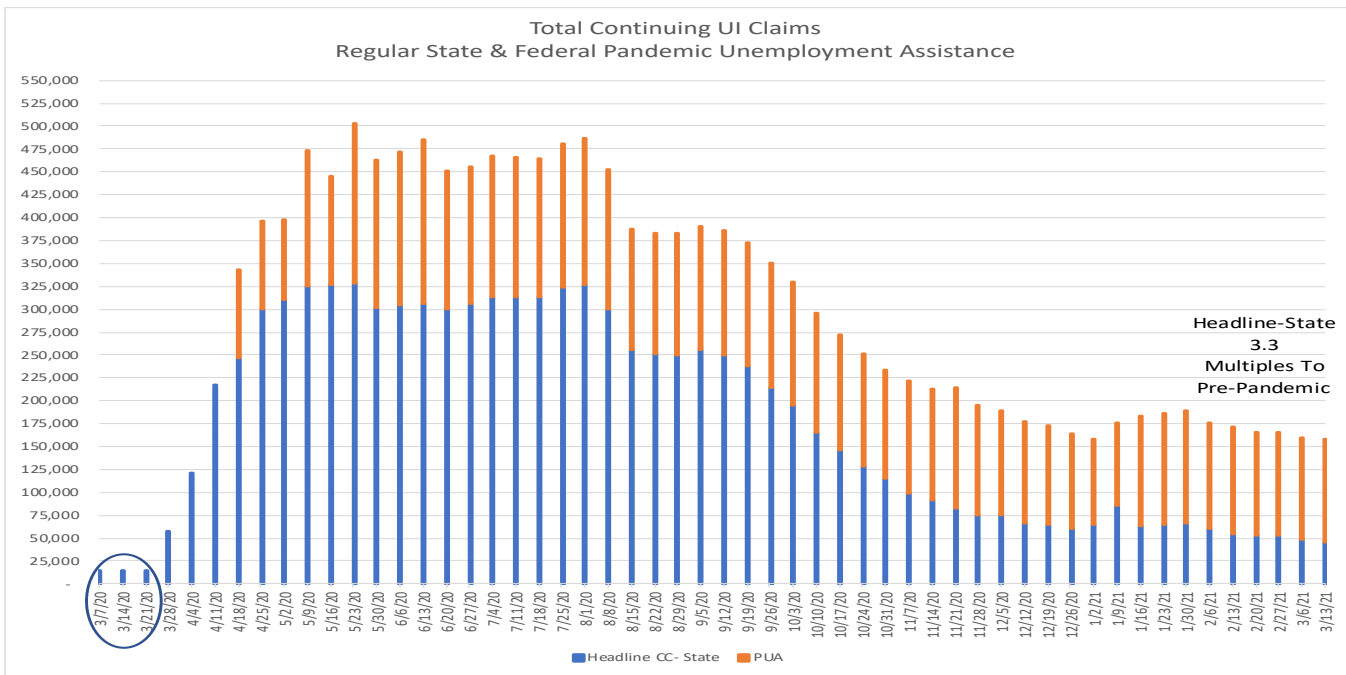


The distribution of the pandemic event across industries is also depicted in the graph above, portraying regular continuing claims by industry from the pre-pandemic week-ending March 7, 2020, to the latest reported week⁴. Again, the concentration of impact in those sectors vulnerable to social distancing and policy response shutdowns is seen in the very high levels of continued unemployment in accommodations & food service, retail trade, health/social services, construction, and the various services within the administrative and support sector. However, the economy-wide effect of the pandemic is evidenced by high levels of continuing claims in almost every sector, relative to the pre-pandemic period. Of particular note in the graph above was the relative stability of continuing claims across industries during the peak weeks of mid-May 2020 through the end of July 2020. While the level of initial claims during this period was relatively stable, net monthly employment gains were reported throughout this period, as the economy began its recovery after it's April 2020 trough. During May, June, and July of 2020, over 81,000 jobs were reported to have been added back from the falloff in employment during March and April, while regular state continuing unemployment claims were essentially unchanged at their highest levels over the same period. This inconsistency between weekly stable continuing unemployment and monthly employment gains is difficult to reconcile, but seems indicative of the fact that the net employment gains are not necessarily the call-back of persons who lost their jobs during or attributable to the pandemic.

⁴ It takes at least a week for an initial claim to be processed through to a continuing claim. In this case of the pandemic event, the influx of initial claims was extraordinarily high, and peak continuing claims (5/16/20) lagged peak initial claims (4/4/20) by some six weeks.

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Continuing Claims: Regular + Expanded Eligibility



The graph above depicts weekly regular continuing claims (blue column portion) and claims attributable to the expanded eligibility provided for the pandemic event (orange column portion)⁵. Regular continuing claims are depicted from the week-ending March 7, 2020, and Pandemic Unemployment Assistance (PUA) claims by the newly expanded eligible workers began being reported in continuing claims with the week-ending April 18, 2020. As evidenced in the graph, regular state and federal PUA continuing claims had stabilized from late-April to early August 2020. Regular state claims stepped down in mid-August to early -September 2020, and a continuing drop off in claims is apparent since then. While declining, as a result of net hiring after April and with the expiration of benefits for workers beginning in September, regular state continuing claims are still at levels 3.3 times greater than the pre-pandemic period.

The unemployment represented by the PUA claims depicted above has always existed over the business cycle, but has not been quantified through unemployment insurance/assistance claims in the past. Thus, the combined claim counts today cannot be fairly compared to claims counts in the past⁶. These additional claims counts are available today in response to the pandemic event, however, and help to establish the severity of the current event. While not provided by industry or geographical area, it is likely that much of the PUA unemployment is occurring in industries related to tourism and embodying much social interaction, as well as occurring in the metro areas, especially the Orleans area, where those industries and occupations concentrate.

⁵ Expanded eligibility for unemployment insurance benefits was first provided by the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Act extended pandemic unemployment assistance to the self-employed, freelancers, independent contractors and other workers not eligible for regular state unemployment assistance. This eligibility has been continued in subsequent federal legislation and administrative actions. These claims are reported separately in the aggregate, but not by industry of employment.

⁶ Note that the initial and continuing claims counts in the first two graphs of this brief do not include the expanded eligibility (PUA) claims being reported today to avoid distorting the historical comparisons provided by those first two graphs.