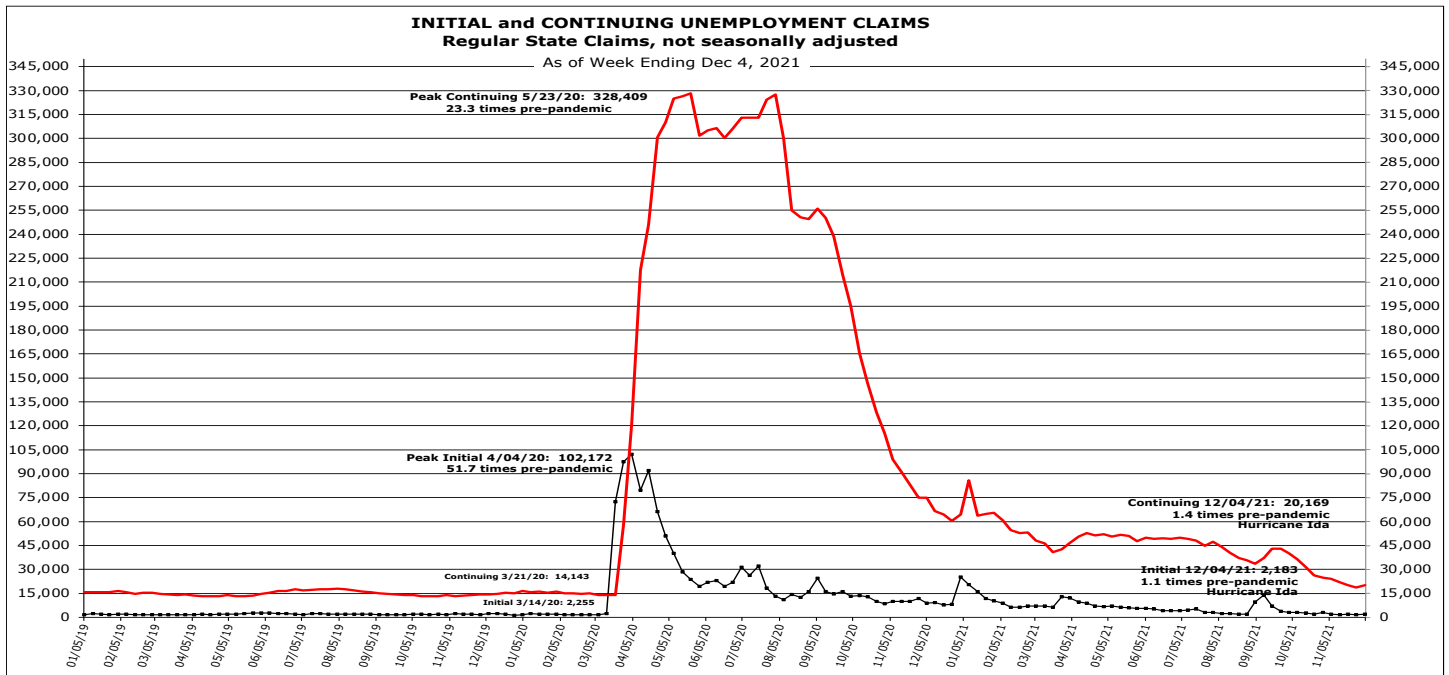


Current State of the Economy: Weekly Unemployment Claims

Week-Ending December 4, 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 has become less applicable in the pandemic period, 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. Initial claims finally returned to pre-pandemic levels by late August 2021, but then stepped up sharply in response to the dislocations of Hurricane Ida,

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.

Current State of the Economy: Weekly Unemployment Claims

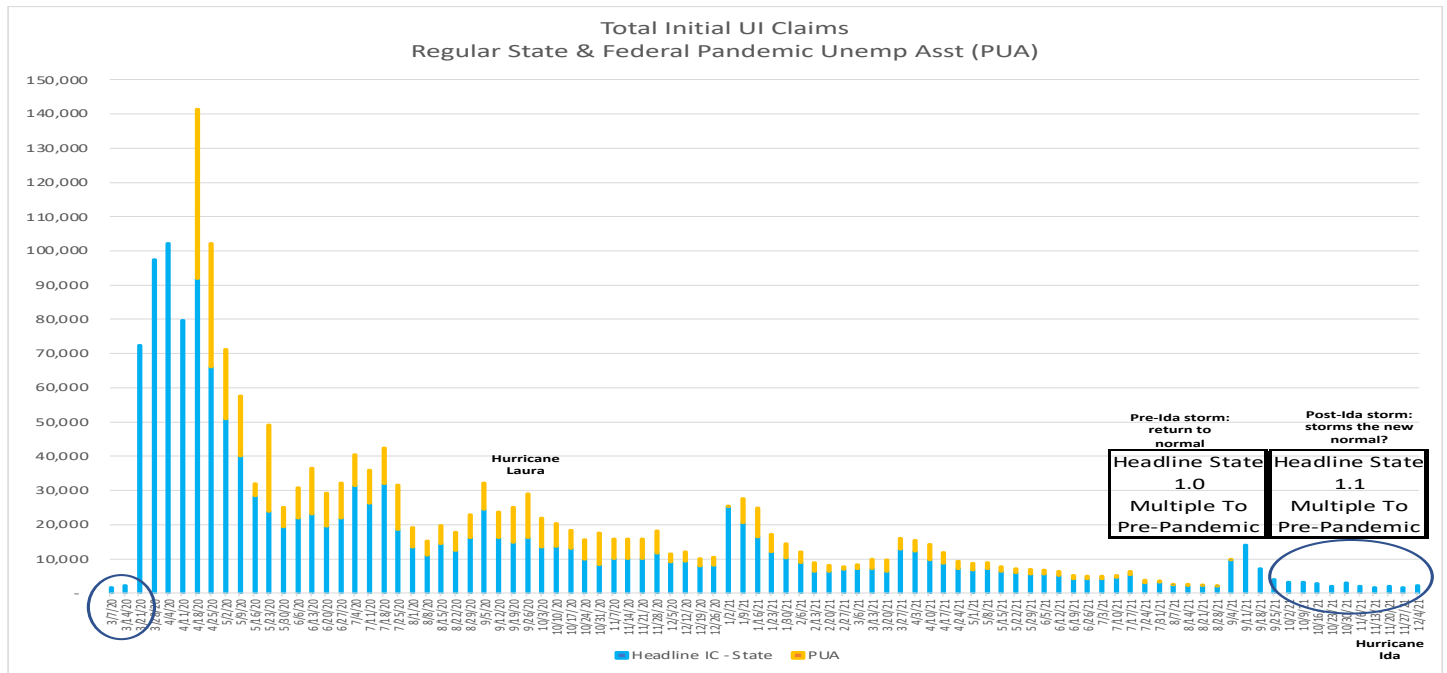
Week-Ending December 4, 2021

peaking for the week-ending September 11, 2021. Since then, they have been falling again toward pre-pandemic levels, and are essentially back at the pre-pandemic norm as of the week ending December 4, 2021. 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. Hiring/rehiring after the worst of the pandemic in the second quarter of 2020, and the eventual expiration of benefits worked to diminish continuing claims considerably from the heights of summer 2020, stabilizing slightly above 45,000 for much of the middle of 2021. A notable fall-off began in August 2021, although the dislocations of Hurricane Ida boosted claims, but the latest weeks' fall-off have exhibited a post-Ida return to the pre-pandemic norm.

The labor market, as reflected in unemployment insurance claims, has been healing and has essentially re-achieved pre-pandemic metrics, although it is still subject to the annual Louisiana risk of hurricane and other weather-related natural disaster risks.

Initial Claims: Regular State and Federal Pandemic Assistance



An alternate depiction of the level of regular state initial claims is depicted in the graph above (blue column portion) for each week from pre-pandemic early-March 2020 to the latest reported week. Regular initial claims had essentially returned to pre-pandemic levels by the end of August 2021, until the dislocations of Hurricane Ida boosted claims in recent weeks. As the effects of Ida recede, initial claims have continued to return to their pre-pandemic norm. Also depicted above are federal pandemic assistance initial claims (orange column portion) claimants not traditionally

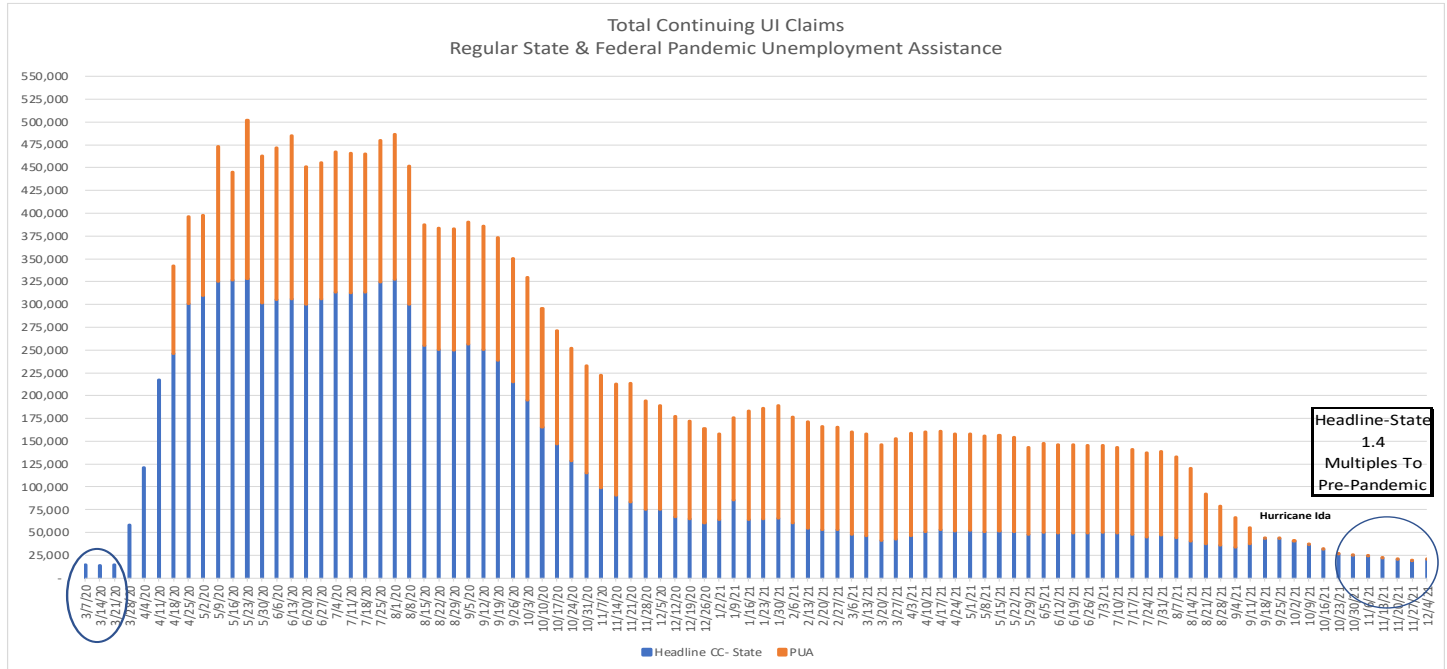
² In any given week, roughly 90% - 95% of claimants will receive an associated benefit payment.

Current State of the Economy: Weekly Unemployment Claims

Week-Ending December 4, 2021

eligible for unemployment benefits. Those claims have also declined over time, and have been zero since the week September 11, 2021, as that federal support program has expired. There is no pre-pandemic count for these workers, as they have not traditionally been eligible for unemployment insurance support, but their inclusion in the graph above provides a more complete picture of the economic severity of the coronavirus pandemic.

Continuing Claims: Regular and Federal Pandemic Assistance



A similar alternate depiction of weekly regular continuing claims (blue column portion) and claims attributable to the expanded eligibility provided for the pandemic event (orange column portion)³ is provided above. 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 slow drop off in claims is apparent since then. While declining, as a result of net hiring and the expiration of benefits, regular state continuing claims stayed at levels in excess of 3-times pre-pandemic levels for much of 2021, finally stepping down materially in August of 2021 until the dislocation of Hurricane Ida boosted these claims, as well. As those dislocations have receded, continuing claims have continued to approach pre-pandemic levels.

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 past⁴. These additional claims counts are available today in response to the pandemic event, however, and help to establish the economic severity of the coronavirus pandemic.

³ 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.

⁴ Note that the initial and continuing claims counts in the first graph of this brief does not include the expanded eligibility (PUA) claims being reported today to avoid distorting the historical comparisons provided by that graph.