

U.S. jobless claims rise again in latest sign of stalling recovery

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Unemployment increases and businesses close. (Photo: AP)

New York, December 17 (RHC)-- The number of Americans filing for unemployment benefits with states rose again last week as COVID cases surge and calls for more financial aid from Congress grow. As Democrats and Republicans in Congress continue to haggle over a new round of virus relief aid for

struggling Americans, another data point dropped on Thursday to remind everyone of how very fragile the nation's economic recovery has become.

Some 885,000 people filed initial claims for unemployment benefits with states last week, the United States Department of Labor said on Thursday. That is 23,000 more than the previous week.

The total number of Americans collecting jobless benefits from state programmes -a metric known as 'continuing claims' was 5,508,000 for the week ending December 5th. While that was nearly a quarter-million fewer people than the previous week, the drop reflects both workers who moved off of unemployment because they found jobs, as well as people who are still unemployed but have exhausted their benefits and fallen out of the data sample.

Public officials in states and cities increasingly find themselves instituting restrictions aimed at curbing spiralling infections but which have the negative consequence of sapping business activity, leading to job losses.

But there is near-universal agreement among economists, analysts and policymakers that bringing the virus under control is an absolute must for nursing the U.S. economy back to full health. Federal Reserve Chairman Jerome Powell drove home the point again on Wednesday. During a press conference, he said everyone can help get the economy "back to full strength" by following public health officials' advice to wear masks in public and practice social distancing.

"Full economic recovery is unlikely until people are confident that it is safe to engage, reengage in a broad range of activities," said Powell.

Projections from the Fed released on Wednesday showed policymakers have become more upbeat about the economy's recovery prospects since September. The Fed now expects the U.S. economy to shrink 2.4 this year – an improvement over its September call for a 3.7 percent contraction. It also sees the economy rebounding to 4.2 percent growth next year.

But the march back to health is fraught with peril, and Powell warned that "the next few months are likely to be very challenging." The gamechanger of mass vaccines is still months away and millions of Americans are walking a financial knife's edge right now.

The tightrope act was reflected in November retail sales which posted their steepest drop in seven months as consumer spending slowed. That is a key metric because consumer spending drives roughly two-thirds of US economic growth.

Key benefits from nearly \$3 trillion in Congressional virus relief aid passed earlier this year expired over the summer. And more federal lifelines are due to run out at the end of this month, including a federal moratorium on evictions and unemployment benefits for the self-employed and gig workers.

Congress is reportedly closing in on a new \$900 billion virus relief aid package that is expected to extend federal jobless benefits and include another round of stimulus checks for qualifying Americans. A renewed financial lifeline to struggling small businesses is also widely anticipated to be part of the proposed deal.



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