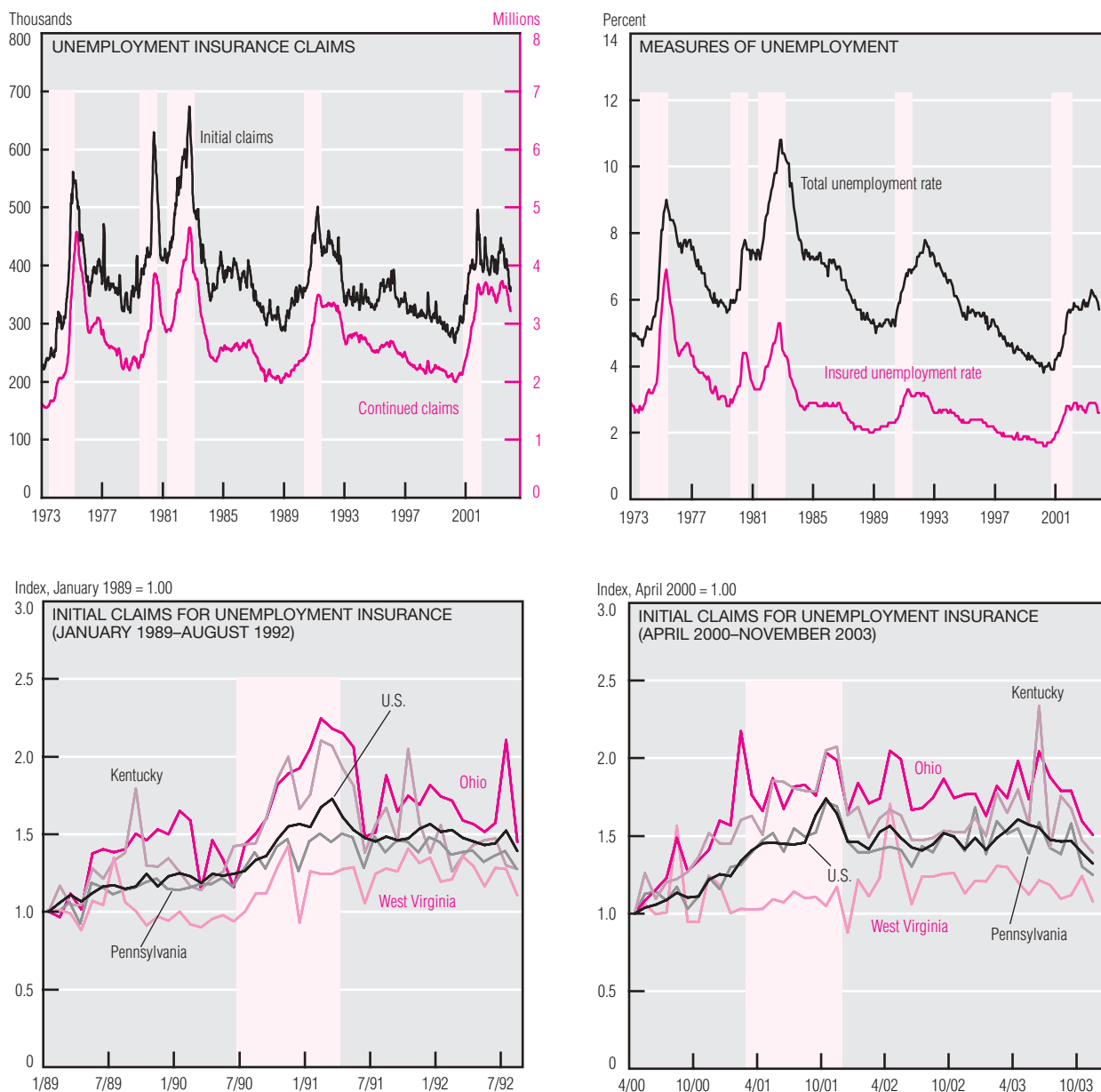


# Unemployment Insurance Claims



NOTES: All data are seasonally adjusted. Shaded areas indicate recessions.  
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Administration.

Unemployment insurance claims, a closely followed economic indicator, have trended sharply downward over the last two months. In the week ending January 22, the four-week moving average reached 344,500 claims, the lowest level since the most recent recession ended. Typically, initial claims increase sharply when a recession begins and fall immediately after it ends. This was not the case for the last two recessions, 1990–91 and 2001. During the recovery periods that followed them, sometimes called “jobless recoveries,” the number of initial claims stayed high for several months before starting to fall. Of the two, the

post-2001 recovery went on longer before initial claims dropped below 400,000, the level typically associated with employment growth.

During the last two months, the number of continuing claims (those made by individuals receiving regular 26-week state benefits) also fell to a postrecession low. Continued claims are slower to fall because several weeks may pass before workers are employed again. Combined decreases in initial and continuing claims have lowered the insured unemployment rate to 2.6%.

The bottom two charts show the trends across states in the Fourth

Federal Reserve District as well as the U.S. average for January 1989–August 1992 and April 2000–November 2003 (each period starting from the prerecession low of the initial claim level and ending 43 months after it). For most of January 1989–August 1992 (indexed to 1.0 for January 1989), increases of initial claims in Ohio and Kentucky outpaced the U.S. average. The pattern was similar for April 2000–November 2003 (indexed to 1.0 for April 2000), but the rates of increase in initial claims for these two states were higher than in the previous period.