Hurricane Sandy likely to reverse declining trend in unemployment

By Jackie Lam
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New claims for unemployment fell last week by 9,000, the third consecutive weekly decline since mid-October. However, the trend is unlikely to continue in November as the aftermath of Hurricane Sandy works its way through the economy.

On a seasonally adjusted basis, advance initial claims stood at 363,000 in the week ended Oct. 27, down from 372,000 in the previous week, the U.S. Department of Labor reported Thursday. Claims stood at 392,000 in the week ended Oct. 13.

Since the week-to-week jobless counts fluctuate widely, economists pay more attention to the four-week moving average.

For the week ended Oct. 27, the four-week moving average was 367,250, a decrease of 1,500 from 368,750 in the previous week. In the comparable week in 2011, the average was 399,750.

The advance seasonally insured unemployment rate stood at 2.5 percent for the week ended Oct. 20, the same as the prior week’s rate. The adjusted number was 3.3 million. The four-week moving average also stood at 3.3 million, falling by 6,250.

Illinois remained one of the states with the highest insured unemployment rates in the nation in the week ended Oct. 13. It first appeared on the list in the week ended Oct. 6. The insured unemployment rate in Illinois went up to 2.6 percent from 2.5 percent.

Alaska had the highest insured unemployment rate at 4 percent, which is much lower than the national unemployment rate of 7.8 percent.

Paul Gabriel, professor who specializes in human capital analysis at Loyola University Chicago, said the number is lower because there are a lot of unemployed workers who don’t qualify for state unemployment benefits.

“They either don’t qualify or they are new entrants in the labor force,” Gabriel said. “It’s just the way [unemployment benefits] are structured. What qualifies you for insurance varies by state, too.”

In light of the destruction by Hurricane Sandy, the short-term unemployment number is likely to go up, Gabriel said, but there won’t be a dramatic impact on the labor force in the long run.
“Negative impact will be on the firms that were destroyed in the hurricane,” Gabriel said. “There will be a number of people who will be unemployed for a certain period of time, either while they are waiting for the companies to rebuild or looking for another job.”

Hurricane Sandy, however, also will boost employment in areas such as construction and electrical work as communities begin their rebuilding process after the storm.

“There will be a higher number of individuals who are employed in repairs work because the damage is so extensive,” Gabriel said.