

Unemployment Report FAR Weaker Than Claimed

Thursday, July 30. 2009

Posted by [Karl Denninger](#) in [Macro Economics](#) at 11:18

"Initial Claims" were 584,000 today, scream the headlines and the pumpers all claim this is "better than expected" when looking at continuing claims, which declined slightly to 6.416 million on a 4-week rolling basis.

But those numbers don't include the people who rolled off the original 13 week unemployment rolls and onto the extended programs (which go out to 52 weeks in many cases), and as such the number is being dramatically underreported.

That's a problem - see, there are 2,656,879 people in that bin **an increase of 24,518 from the prior week, and worse, 352,482 people rolled off the 13 week program last week!**

So the real increase was about 50,000 people, not 24,000 in the current week, because you have to add back in those that have been removed from the count **but are still unemployed!**

Again: 352,483 people, or **well over half of the newly-filed claims**, rolled off the original 13 week benefits onto extended benefits. This is where the "decrease" in the 4-week moving average came from. This little machination means that there was not actual decrease in the 4-week moving average of people on unemployment; to the contrary those on unemployment **increased**, not decreased!

"Extended benefits" are people who cannot find work within three months of being laid off, and are being forced onto the expanded benefit programs. **Until the moving average change drops to close to zero including extended benefits the labor market is not slowing its rate of contraction!**

Worse, we're going to start losing people off the "extended" benefits soon (next month) which will make it nearly impossible to count the real number of unemployed, and those who drop off extended benefits will have **no income whatsoever**, which means they won't be paying taxes - or spending.

The total count of people on both 13 week and extended benefits (raw numbers, not seasonally adjusted) is 8.718 million, another new record.

Don't believe the "green shoot" callers - this report was horrendous and shows continued dramatic contraction in the workforce and economy.

<http://market-ticker.denninger.net/archives/1272-Unemployment-Report-FAR-Weaker-Than-Claimed.html>