

[More](#)[Enter](#)

Discover better wine with WSJwine

[FRONT PAGE](#)   [NEWS & COMMENTARY](#)   **[ECONOMY & POLITICS](#)**[Fed](#)   [Obama's Challenge](#)**ECONOMIC REPORT**

## **Jobless claims jump to 573,000, a 26-year high**

### **Continuing claims spike by 338,000 to 4.43 million**

By [Rex Nutting](#), MarketWatch

Last update: 9:51 a.m. EST Dec. 11, 2008

**WASHINGTON (MarketWatch) -- The U.S. labor market weakened further last week, with the number of first-time filings for state unemployment benefits jumping by 58,000 to a 26-year high of 573,000, the Labor Department reported Thursday.**

The number of people collecting unemployment benefits rose by 338,000 to stand at 4.43 million, also the highest since late 1982. The increase in continuing claims in the week ended Nov. 29 was the most since 1974.

---

**'If this pace is sustained, then it would suggest that November's net job loss of 533,000 was not an outlier but perhaps an indicator of more severe deterioration to come.'**

— *Andrew Gledhill,*  
*Economy.com*

---

The jobless claims report shows businesses are laying off workers at a rapid pace, and finding employment is ever harder for those who've lost their jobs. [Read the full jobless data report.](#)

Compared with the same week a year ago, new jobless claims are up about 59%, while continuing claims are up 58%.

Initial claims represent job destruction, while the level of continuing claims indicates how hard or easy it is for displaced workers to find new jobs.

Several technical factors could have boosted initial claims last week, a Labor Department spokesman said. The week after Thanksgiving is traditionally the one with the biggest increase in first-time claims, and the government's seasonal adjustment factors may be overstating the increase this year.

Part of the increase in filings last week could simply be administrative catch-up from Thanksgiving week, when most state unemployment offices were closed for two days.

#### **Worsening trend**

Technical factors aside, the report shows a marked deterioration in the labor market. The four-week moving average of new claims -- which tends to smooth out the impact of any special factors -- rose by 14,250 to 540,500, also the highest since late 1982.

The four-week average of continuing claims rose by 131,000 to 4.13 million, the highest since early 1983. "This number suggests that the national unemployment rate will rise to 7.0% or more in December, versus 6.7% in November," wrote analysts for Ried Thunberg ICAP.

The insured unemployment rate -- the proportion of covered workers who are receiving benefits -- increased by two-tenths of a percentage point to 3.3%, the highest in 16 years.

Next week's report on initial claims will cover the same week in which the monthly survey is conducted."The current

four-week moving average of initial claims, at 540,000, is consistent with about a 500,000 monthly drop in nonfarm payrolls," wrote Joshua Shapiro, chief economist for MFR Inc.

In November, 533,000 nonfarm payroll jobs were lost, the most for a single month since 1974. The economy has shed 1.9 million jobs since the recession began in December 2007.

"If this pace is sustained, then it would suggest that November's net job loss of 533,000 was not an outlier but perhaps an indicator of more severe deterioration to come," wrote Andrew Gledhill, an economist for Moody's Economy.com. "What is troubling is that labor market conditions have usually not deteriorated by this much by this early in a downturn."

Typically, state unemployment benefits run out after 26 weeks for those who are eligible. A federal law extends unemployment benefits for an extra 13 weeks under the separate federal program.

Benefits are generally available for those who lose their full-time job through no fault of their own. Those who exhaust their unemployment benefits are still counted as unemployed if they are actively looking for work.

In another economic report Thursday, the Labor Department said import prices fell a record 6.7% in November as imported oil prices fell a record 25.8%. [See full story on import prices.](#)

Separately, the Commerce Department said the nation's trade deficit widened to \$57.2 billion in October. [See full story on trade deficit.](#) ■

*Rex Nutting is Washington bureau chief of MarketWatch.*

---

[Site Index](#) | [Topics](#) | [Archive](#) | [Help](#) | [Feedback](#) | [Media Archive](#) | [Premium Products](#) | [Mobile](#) | [RSS](#) | [Podcasts](#) | [Company Info](#)

The Wall Street Journal Digital Network:

[WSJ.com](#) | [Barron's Online](#) | [BigCharts](#) | [Virtual Stock Exchange](#) | [All Things Digital](#) | [MarketWatch Community](#)  
[RealEstateJournal.com](#) | [Financial News Online](#) | [WSJ.com Small Business](#) | [FiLife – Personal Finance](#)

**MarketWatch**

Copyright © 2008 MarketWatch, Inc. All rights reserved.

By using this site, you agree to the [Terms of Service](#) and [Privacy Policy](#) .

**MarketWatch.com: Stock Market Quotes - Business News - Financial News**

Intraday data provided by [Interactive Data Real Time Services](#), a div of [Interactive Data](#). Historical and current end-of-day data provided by [Interactive Data Financial](#) and their current financial status. Intraday data delay exchanges. Dow Jones Indexes(SM) from Dow Jones & Company, least 60-minutes delayed. All quotes are in local exchange time. Re