

U.S. Data Review

- Unemployment claims: sharp revisions because of a shift in seasonal adjustment

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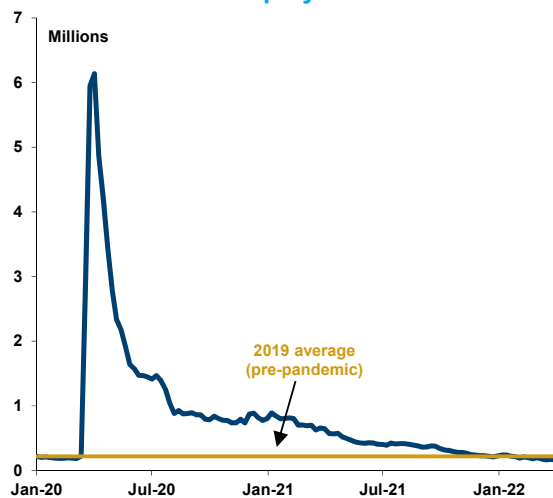
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Unemployment Claims

Today's report on unemployment claims involved sizeable revisions to previously published figures. For example, initial claims for February and March were revised 33,000 *lower* per week on average, and continuing claims were adjusted *higher* by 169,000 on average. The large changes reflect adjustments to seasonal factors stemming from changes in seasonal-adjustment methodologies used during the pandemic. Seasonal methodologies normally used in the claims report make proportional adjustments (i.e. certain percentages are added or subtracted). When claims surged to unprecedented levels during the worst of the pandemic, this methodology was believed to be overstating seasonal moves, and thus the Labor Department shifted to additive seasonal factors. Now, with claims back to normal levels, the Labor Department is shifting back to multiplicative adjustment. The historical seasonally adjusted series will involve a combination of adjustment methodologies (additive during the worst of the pandemic, multiplicative before and after). Underlying not seasonally adjusted data were not revised.

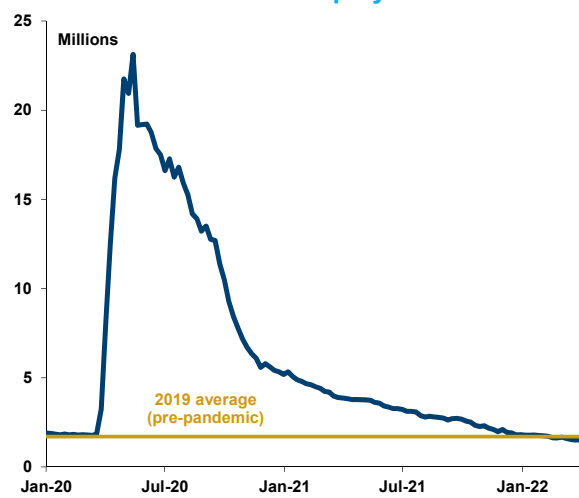
The shift back to multiplicative adjustment is understandable given the recent performance of claims. Both initial and continued claims moved in line with pre-pandemic norms late last year, and they have recently shown hints of moving lower (charts).

Initial Claims for Unemployment Insurance



Source: U.S. Department of Labor via Haver Analytics

Continued Claims for Unemployment Insurance



Source: U.S. Department of Labor via Haver Analytics

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