

# *U.S. jobless claims soar to 965,000 as COVID surge triggers layoffs*

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A Starbucks coffee shop is permanently closed in Times Square in New York City. (Photo: AP)

Washington, January 16 (RHC)-- The number of Americans filing for unemployment benefits climbed toward one million this past week as business-sapping restrictions designed to contain soaring COVID-19 infections continue to hobble the United States labor market recovery.

Some 965,000 people filed initial jobless claims with states in the week ending January 9, the U.S. Department of Labor announced. That is the highest reading in five months and an increase of 181,000 over the previous week.

Initial jobless claims are a proxy for layoffs, and last week's numbers were worse than many economists had expected. "While prospects for the economy later in 2021 are upbeat, the labor market recovery has taken a step backward and we expect claims to remain elevated with the risk that they rise from last week's levels," Oxford Economics lead U.S. economist Nancy Vanden Houten wrote in a note to clients on Thursday.

Continuing claims, which measures the total number of laid-off workers collecting state unemployment benefits, rose for the first time since November to 5.27 million in the week ending January 2 – an increase of 199,000 over the previous week's reading.

The U.S. labor market recovery started to stall in the final quarter of 2020. In December, the economy shed 140,000 jobs, slamming the brakes on seven consecutive months of jobs gains. Other economic indicators have also been flashing red as the U.S. continues to break records for COVID-19 infections.

The number of people collecting benefits from both state and federal programmes fell by 744,511 to 18.4 million in the week ending December 26. Economists attribute that fall to the lapsing of federal benefits before a new virus relief aid bill was signed on December 27. Now that federal jobless benefits have been renewed, those claims could rise again.

The raft of new coronavirus relief measures passed in December includes a \$300 weekly federal top-up to state unemployment benefits and provisions allowing laid-off workers who qualify to claim up to 24 weeks of federal unemployment benefits after they've exhausted state aid.

And more government largesse is expected now that the Democrats have cemented control over both houses of Congress, making it easier for President-elect Joe Biden to enact key parts of his economic agenda.

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