US jobless benefit filings, foreclosures up sharply

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The number of American workers filing new claims for unemployment benefits rose sharply in the week ending April 9, the second consecutive week that jobless benefit claims rose when business and academic economists had predicted they would fall.

In a further sign of economic and social distress, the number of homes in foreclosure jumped 16 percent in the first quarter of 2010. More than 900,000 homes, or one in 138, received a foreclosure notice during the first three months of this year.

First-time requests for unemployment benefits rose by 24,000 to 484,000 last week, after rising by 18,000 to 460,000 in the week ending April 2. Despite the massive media campaign depicting the economy as in the midst of a dramatic turnaround, the rate of new claims is far above the 400,000 mark, the level at which job creation and job destruction are at a rough balance.

There were attempts to dismiss the two weekly increases as a statistical aberration related to the date on which Easter fell this year. However, the four-week moving average, which smoothes out week-to-week fluctuations, showed a rise of 7,500 to 457,750, the highest figure in a month.

The number of people continuing to draw unemployment benefits also rose, up 73,000, from 4.57 million to 4.64 million. Another 5.97 million people, who have exhausted the 26 weeks of regular unemployment benefits, were receiving extended benefits paid for by the federal government in the week ending March 27, the latest for which figures are available. The total number of people receiving some type of unemployment benefits was 11.08 million that same week.

New mass layoffs will swell the unemployment roll even further. American Electric Power (AEP), one of the largest US utilities, said Thursday that it would cut as many as 2,000 jobs through a combination of buyouts and layoffs. The cuts at St. Louis-based AEP will hit communities throughout the Midwest.

Meanwhile Senate action was still pending on legislation to renew extended unemployment benefits for tens of thousands of workers who lost them in early April, after the Senate took its two-week Easter recess without acting on the bill. The Senate voted Monday to limit debate over the extension, stalled last month by a Republican filibuster. Four Republicans voted for cloture, providing the necessary 60-vote margin.

However, Republican opponents of the bill decided to exercise their right to the full 30 hours of debate permitted after cloture, although the eventual outcome is certain, thus delaying action on the bill—and delaying the restoration of jobless benefits—until at least Thursday.

The jobless figures were released one day after testimony by Federal Reserve Chairman Ben Bernanke, speaking before a congressional committee, that “a significant amount of time will be required” before the millions of American workers who have lost their jobs in the financial crisis and economic slump will be able to find new ones.

“Significant restraints on the pace of the recovery remain,” Bernanke said, “including weakness in both residential and nonresidential construction and the poor fiscal condition of many state and local governments.” It was the first time the Fed has cited the fiscal crisis in the states as a major macroeconomic factor undermining any potential recovery.

A report issued by the International Monetary Fund Wednesday gave a “somber” forecast for a world economic recovery, particularly in the job market. “The nature of the recent recession in several advanced economies," the IMF said, as well as "the high degree of financial stress and the high degree of uncertainty all weigh against a speedy recovery in job creation."

The foreclosure report by California-based RealtyTrac said that the number of US homes actually seized by banks jumped 35 percent in the first quarter of 2010 compared to the same period in 2009. The total number of homes facing foreclosure rose by 16 percent compared to the first quarter of 2009, and by 7 percent from the last quarter of 2009, an indication that the deterioration in the housing market is far from over.

A RealtyTrac senior vice president, Rick Sharga, told the press, "We're right now on pace to see more than 1 million bank repossessions this year."

While one home in every 138 nationally received a foreclosure notice, the figures for the hardest-hit states were much worse: one in every 33 homes in Nevada, one in every 57 in Florida, and one in every 62 in California. That state alone accounts for nearly one quarter of all US homes facing foreclosure.

Figures reported Thursday also indicate that the Obama administration's foreclosure prevention program, Making Home Affordable, has affected only a tiny fraction of endangered homeowners. A total of 1.2 million homeowners applied for mortgage relief, but only 231,000 have completed loan modifications, while 158,000 have dropped out of the program.