



## How Will Hurricane Irma Affect Jobless Claims?

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Initial jobless claims unexpectedly surged last week as South Texas residents began the process of recovering from the destruction left by Hurricane Harvey.

When the latest jobless claims report is released by the Labor Department Thursday, will it show something similar happening in the Southeast U.S. in the wake of Hurricane Irma?

In a preliminary estimate, Moody's Analytics projected the two hurricanes caused between \$150 billion and \$200 billion in damage - and that isn't all. There are two other hurricanes, one that struck Mexico within the last week and the other lurking in the Atlantic Ocean, that could cause additional problems.

For now, though, the emphasis is on the damage caused by Harvey and Irma.

"The hurricanes wracking the South will be on everyone's mind when the jobless claims report comes out," said John Engle, president of Illinois-based Almington Capital. "There is little doubt that the spike in claims we've seen so far will show a continued increase of the negative trend.

"But while a regional natural disaster can send ripples through the broader national economy, it isn't likely to derail an overall positive trend for long, even if the positives are blotted out by the roiling storm clouds."

John Boyd Jr., principal of New Jersey-based The Boyd Co. Inc., a location consultant, said he is curious to see how much economic damage has been done by Irma.

"What is clear," Boyd said, "is that Hurricane Harvey and Hurricane Irma will continue to present huge unknowns for initial jobless claims over the next several weeks."

Such claims jumped by 62,000 last week to 298,000.

"The focus now will be on infrastructure. Our clients in Florida are confident that the Trump administration will be very good on hurricane-related issues, given the president's second home at 1100 South Ocean Boulevard - the Winter White House at Mar-a-Lago - the president's solid relationship with Gov. Rick Scott and the reality that the president is a builder and understands infrastructure."

"We will need to look at adjusted rates trying to back out the effects of Harvey and Irma," said Fletcher Wimbush, CEO of California-based The Hire Talent, a talent assessment company, and Wimbush & Associates, a talent search firm. "These disasters are temporary conditions that may last weeks or even months. Their effect will skew the true condition of employment trends as related to the overall economy."

But that should not be a long-term concern, Wimbush said.

"No doubt that these disasters will have an effect on the economy," he said, "but it will be a very temporary condition."

Wimbush also observed that, while job openings registered a record high this week, employers have struggled to find candidates with the skills they need.

"These employers may have to employ who they can to get the job done," Wimbush said, "and in the end help these unskilled workers get a much-needed opportunity."

"Employers need to take a serious look at making major increases in wages to start to attract better workers and incentivize them to take jobs that may otherwise be deemed undesirable," Wimbush continued, "or we need more foreign workers willing to do these jobs at low pay rates."

"Additionally employers are going to need to be willing to hire and train workers on the job. To do this they need to find people with the right potential identifying behavioral and cognitive abilities that lead to high potential successful employees versus those with direct skill sets."

The Labor Department will release its initial jobless claims report for the week ending Sept. 9 at 8:30 a.m. Eastern on Thursday.

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