



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ALAN GREENSPAN
CHAIRMAN

STRICTLY CONFIDENTIAL (FR)
CLASS I - FOMC

July 27, 1989

TO: Federal Open Market Committee

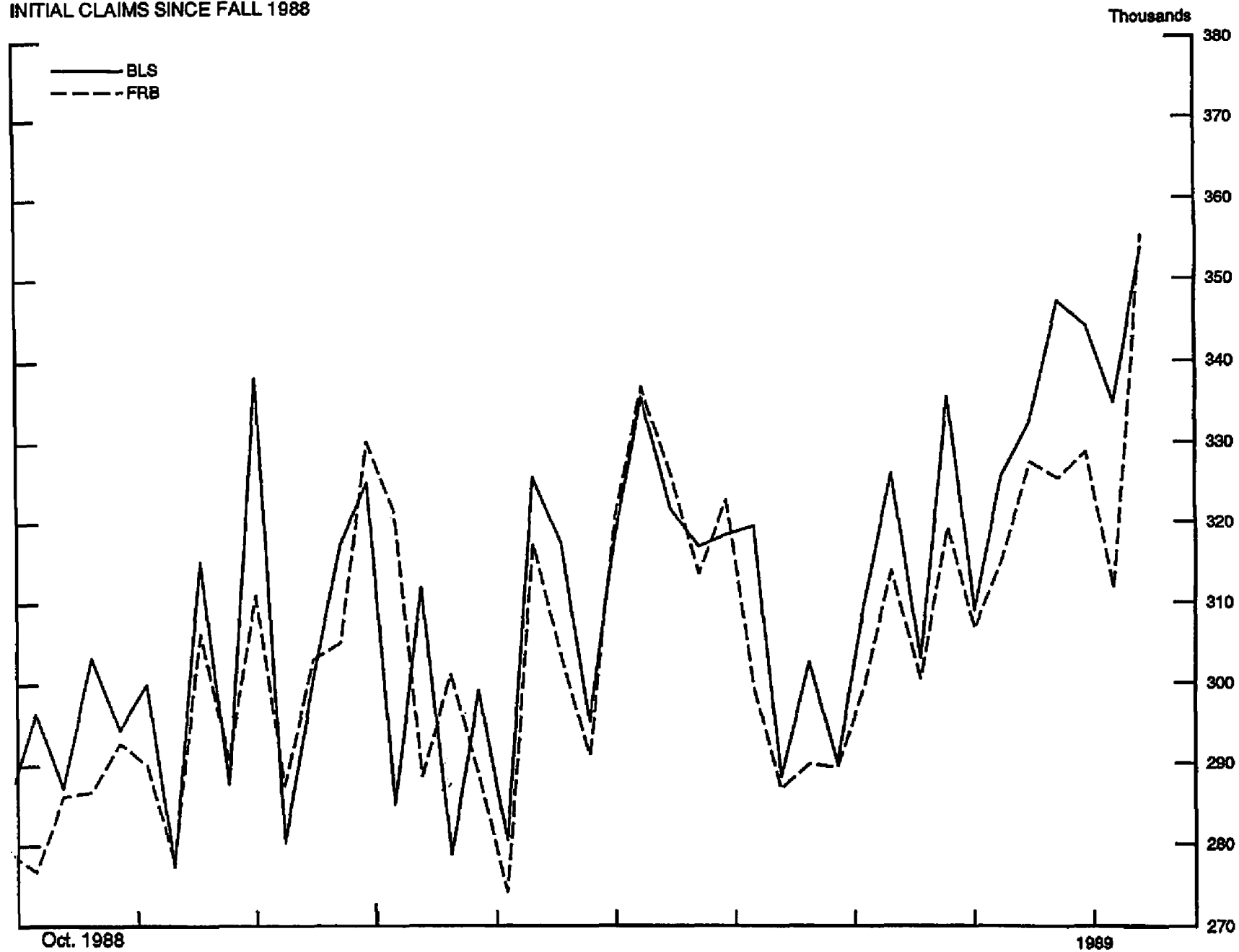
FROM:  Alan Greenspan

I neglected to note during yesterday's conference call an aspect of the initial claims data for the week of July 15. While the increase in initial claims under regular state programs was 19,000 using BLS seasonal factors, the increase was 43,000 using seasonals developed by the Board staff. I believe the Board staff's seasonals are more reliable, in part because they produce a smoother historical series. Although the levels of the two series are little different for the latest week, as the attached chart shows, I view the Board's staff seasonally adjusted series as more accurately suggesting the extent of the recent deterioration in employment conditions.

It is possible (likely) that the July 15 spike will be partially reversed in the week ended July 22.

Unemployment Insurance Weekly data, seasonally adjusted

INITIAL CLAIMS SINCE FALL 1988



July 27, 1989

UNEMPLOYMENT INSURANCE BENEFITS
(In thousands)

	1989						
	June				July		
	3	10	17	24	1	8	15
	-----Seasonally adjusted; FRB basis ¹ -----						
Initial claims							
Total ²	310	319	332	330	333	316	362
Regular state programs	307	315	328	325	329	312	355
Insured unemployment							
Total	2134	2147	2158	2188	2147	2259	--
Regular programs, all ³	2133	2146	2157	2188	2147	2259	--
State programs	2092	2105	2117	2150	2115	2219	--
Extended benefits	1	1	1	1	*	*	--
	-----Seasonally adjusted; BLS basis ¹ -----						
Initial claims							
Regular state programs	309	326	333	347	344	335	354
Insured unemployment							
state programs	2099	2110	2141	2174	2124	2247	--
State-insured							
unemployment rate ⁴	2.1	2.1	2.1	2.1	2.1	2.2	--
	-----Not seasonally adjusted-----						
<u>Regular state programs</u>							
Initial claims	243	295	285	298	319	364	424
Insured unemployment	1952	1895	1916	1926	1833	2193	--
<u>Percent change from a year earlier</u>							
Initial claims	-4.5	26.3	5.6	13.3	20.6	27.7	27.6
Insured unemployment	8.2	.6	3.3	4.9	.1	24.7	--

1. Only regular state components are seasonally adjusted.

2. Includes federal employees and ex-servicemen.

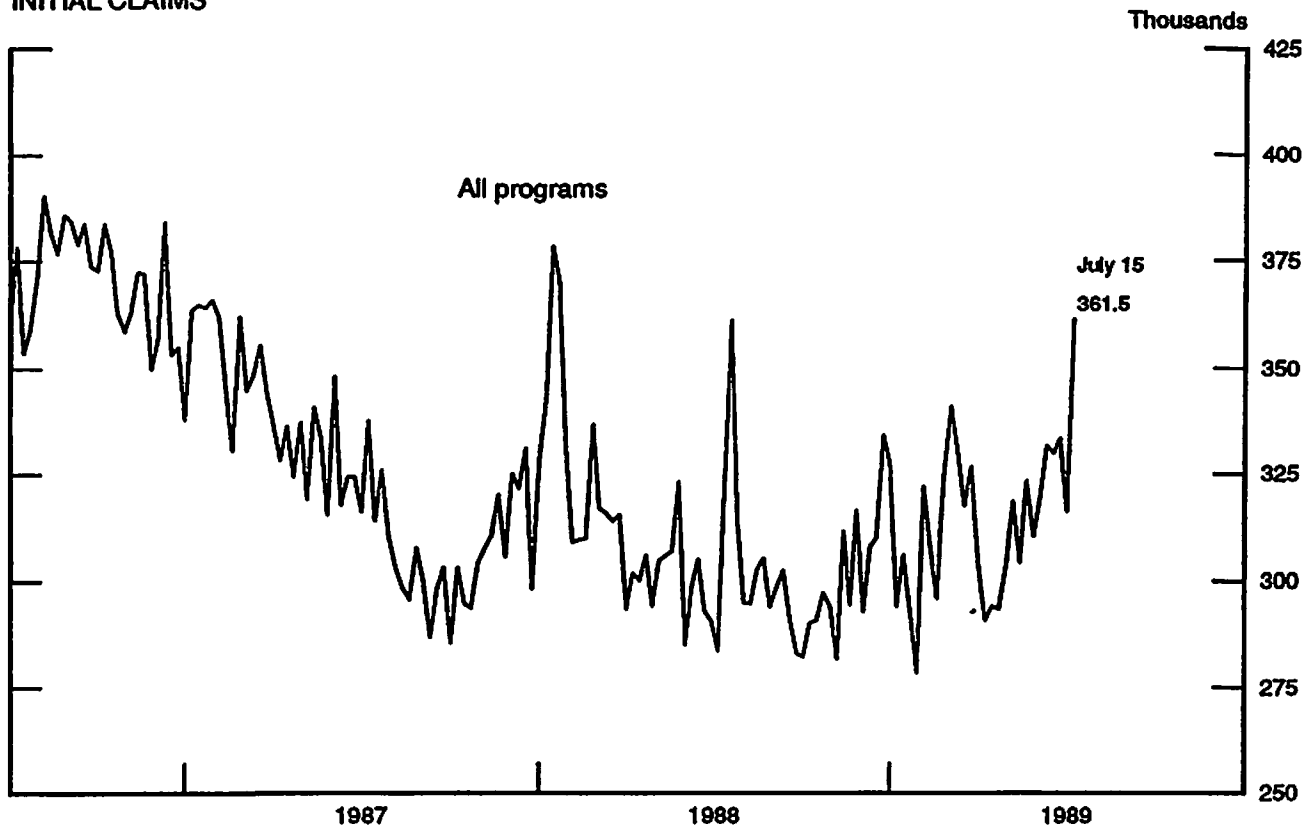
3. Includes federal employees, railroad workers, and ex-servicemen.

4. Percent of covered employees receiving regular state benefits.

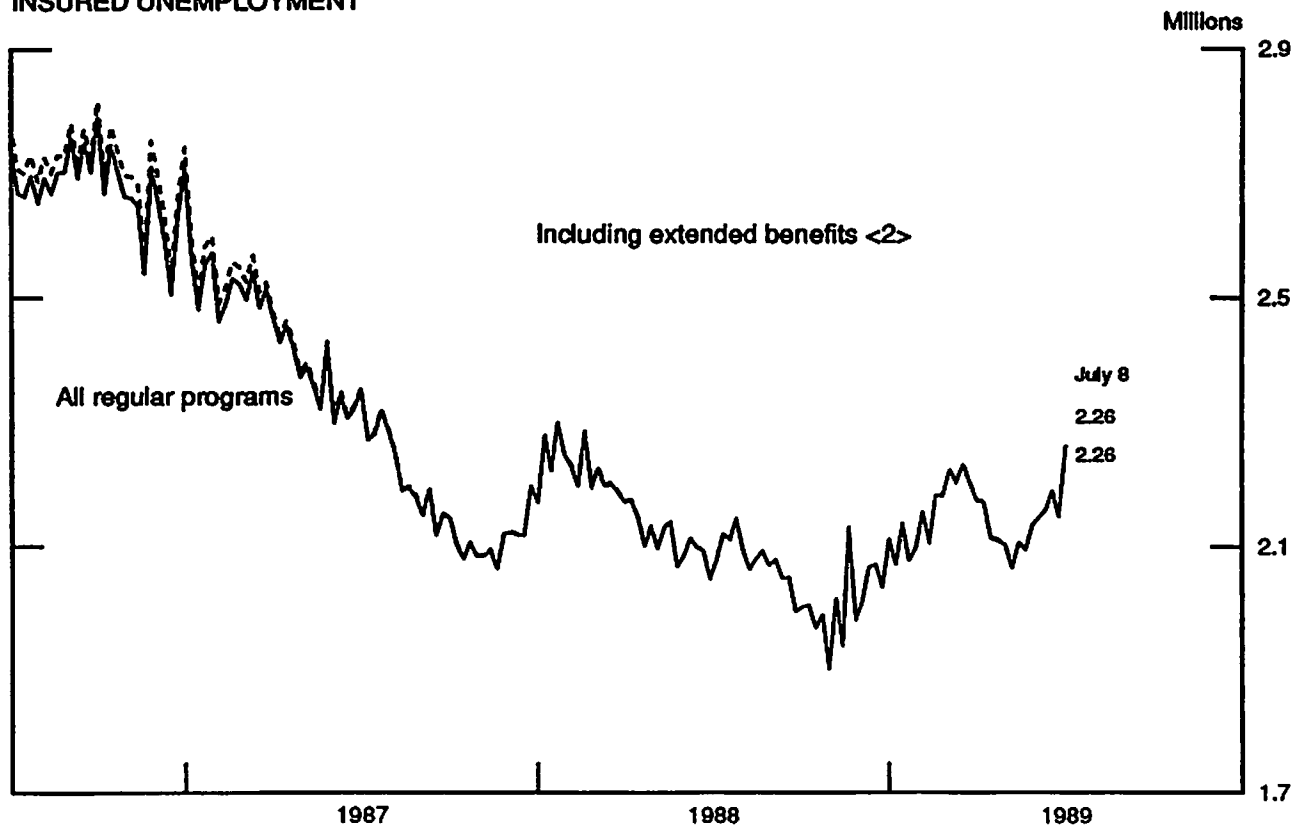
* Less than 500 people received extended benefits.

Unemployment Insurance (Weekly data; seasonally adjusted, FRB basis <1>)

INITIAL CLAIMS



INSURED UNEMPLOYMENT



<1> Only the state program components of these series are seasonally adjusted.

<2> As of July 1, 1985 Includes only regular extended benefits; through June 1985 Federal Supplemental Compensation (FSC) claims also were included.