

FLAT UNEMPLOYMENT REPORT WITH DECLINING RETAILERS' PROFITS



While 400,000 unemployment applications are viewed as the critical point in determining the state of unemployment, and while the number of unemployment applications registered last week were much lower than that critical number, and remained at around 3,51,000, declining retailers' profits brood ill for the future employment scenario. Though analysts seemed jubilant, and stocks seemed to revive with news of the unemployment remaining flat, what has passed without notice is that the number of registered and recognized unemployment applications has actually risen by 3000 above the prior week's report. However, by the unemployment report remaining flat, the four-week average fell below the critical number of 4,00,000 to stabilize at 359,000. However, though it is cause for joy of statisticians and those who understand statistics, it remains that those numbers reflect only a part of the reality since the millions in temporary jobs and casual jobs, who may lose employment any time and lead a precarious existence are included within affirmative growth. With the White House announcing the extension of unemployment benefits, though with a reduced tenure of 73 weeks from the earlier 99 weeks, spirits visibly rose around the country. However, in spite of apparently positive unemployment statistics, the statistical health of businesses was far from positive. This has been marked as an anomaly, as business health and employment health in the nation is inextricably related. Big retailers like Sears, Target and Kohl reported huge drops in profits kicking off fears about increased waves of layoffs. Sears's report in fourth quarter shows a loss of \$2.4 billion compared to a profit of \$375 million last year in the same quarter. In a follow-up, the company announced that it plans to sell off 11 stores nationwide. Kohl Corporation and Target also reported a decline in their profits compared to that of last year though sales were up. With retailers posting business losses, employees fear that it is groundwork to justify layoffs and sometimes preludes to reorganization under bankruptcy protection.

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