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Initial Claims: How bad?

Initial claims unexpectedly jump 25,000 (Consensus and Decision Economics: -13,000), from a prior-week level revised up by 1,000.

Labor Department analysts pointed to no clear-cut special factors as operating, but did note the presence in the week of the Good Friday holiday.

Taken at face value, the new result is a quite negative indication--solidly reviving concerns that the 31,000 jump in claims seen two weeks earlier was not just the statistical glitch that it was purported to be. Rather, it might have been the leading edge of a newly rising layoff trend.

That sort of shift seems so at odds with the general trend in the economy--and with basically healthy business-sentiment indicators--that the possibility will not be given too much credence quite yet. But, Fed doves, in particular, will be newly worried about the role of ballooning uncertainties in prompting a new battening-down of the hatches by employers.

April employment forecasts may become slightly more conservative, because of the new doubts about the layoff trend. However, general confidence will be supported by the favorable trend in continuing claims, which the data today showed to have brought a 124,000 net decline in benefit recipients over the course of the payroll month--midway between the February and March declines.

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