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June 16, 2011

Initial Claims: Improving trend?

Initial claims fall a more-than-expected 16,000 (Consensus: -7,000; Decision Economics: -2,000) from a prior-week level revised up by 3,000.

This result encourages hope that layoffs are resuming a downward trend, after a big step up in payroll May, with a first step back down in the early weeks of June fully sustained, and now extended.

The new figure covered the fourth of five weeks in payroll June, and, at 414,000, put month-to-date average weekly flow at 425,000--down a solid 15,000 from the payroll-May average. That is enough of an improvement to encourage forecasts of June private payroll employment a decent notch stronger than the +83,000 seen in May.

Confidence in such a forecast is bolstered by a net decline in continuing claims (benefit checks issued) amounting to 43,000 so far in the new month--a much more favorable development than the 59,000 increase seen in May, but still shy of the 106,000 drop in April.

The suggestion is of private employment growth somewhere between the low May figure and the big 251,000 seen in April. The message in that should be of improving income growth--but, more importantly, also of reassurance that layoffs are not spiraling upward, and that business confidence remains decent, if fragile.

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