New York • London • Boston • Chicago
DECISION ECONOMICS, INC.
Information for Decisions™

New York: 212 884 9440
London: 011 44 20 7814 6706
Boston: 617 994 0500
Email: decisioneconomics@pdeeco.com

Pierre Ellis

August 18, 2011

Initial Claims

Initial claims rise a somewhat more-than-expected 9,000 (Consensus and Decision Economics: +5,000) from a prior-week level revised up by 4,000. The result did not significantly weaken the message of a big claims decline between payroll July and payroll August, but blunted hopes that a clear new downtrend is beginning--and keeps alive worries that the financial disruption will cause a panicked reduction in workforces.

The new number covered the August payroll-survey week, closing out the four-week month, and at 408,000 put the survey-month average figure at 403,000--down a meaningful 19,000 from the payroll July average. That improvement should keep August employment forecasts relatively buoyant, though the disappointment today could cause some edging back of aggressiveness in the numbers.

The bad news is the latest uptick in claims substantially reversed a downtrend in weekly numbers in place since late June. Confidence that the bounce is purely statistical is hard to mount, given that the pickup in layoffs involved took place in the week that the stock market hit its recent low, among other financial disruptions--hinting that companies are battening-down hatches, and cutting all non-essential costs.

Those concerns will ease only with a stabilization in markets, and in layoffs, over coming weeks. Fed doves will be happy in having--in their minds--bought some insurance, while hawks will remain unconvinced that the easing move was either necessary or prudent.

© 2010 Decision Economics, Inc. All rights reserved. Reproduction in whole or in part without the written permission of the copyright owner is prohibited.