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

September 15, 2011

Initial Claims

Initial claims surprise to the upside, rising 11,000 (Consensus and Decision Economics: -4,000) from a prior-week level revised up by 3,000. Labor Department analysts pointed to no special factors as distorting the number, other than possible issues with seasonal adjustment in a holiday week.

The new number covered the fourth of five weeks in payroll September, and at 428,000 put the month-to-date average rate at 420,000--a meaningful rise from the 404,000 average in payroll August. A possible seasonal adjustment payback next week would need to be exceptionally large in order to at all mute the message that layoffs have risen a significant notch from last month.

Of course, layoffs are not the only factor determining net employment growth--and results last month demonstrated that even a steep decline in initial claims, to a relatively low level, does not guarantee that employment growth will strengthen.

The important factor now is new hiring, and a late-arriving big jump in continuing claims--the number of benefit recipients--last month suggested that new hiring had plummeted.

So far this month, the continuing claims picture remains upbeat, with steady declines--sustaining some hope that employment will grow at least as much as in August--but the risk that a single week will reverse the continuing-claims trend is always high. There is certainly no reason for new optimism.

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