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October 13, 2011

8:30 Numbers

Contrary to expectations, the August trade deficit does not deteriorate at all (Consensus: worsen by $1.2 billion; Decision Economics: worsen by $2.2 billion) holding absolutely steady--though at a July level worsened by $0.8 billion. Because of the revision, the quarter-on-quarter move broadly matches expectations, and should not jolt Q3 GDP forecasts.

Results were good under the surface too, with non-petroleum goods exports (-0.3%) giving up little of the 3.9% jump scored in July--postponing, for at least a month, any day of reckoning with the deteriorating global situation.

Initial claims, meanwhile, are in line with expectations, slipping 1,000 (Consensus: +4,000; Decision Economics: +14,000) from a prior-week level revised up by 4,000). That result preserves a steep decline in average claims flow between payroll September and payroll October-to-date--indicating that layoffs clearly slowed.

Notably, continuing claims figures confirm the improvement, dropping 82,000 over the first two weeks of payroll October--a decline steeper than the slowdown in new claims alone would suggest, so far. That hints at a stiffening in new hiring, above and beyond the reduction in layoffs.

All together, the numbers add to perceptions that the economy has stabilized--and might even be transitioning into a mild phase of employment-validated expansion. More of that would obviously be welcomed by the Fed. Hawks will feel a bit vindicated, for now, while doves will be concerned that green shoots not be crushed by fears of any premature tightening.

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