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

Pierre Ellis

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Initial Claims: So far, so strong

Initial claims rise a less-than-expected 6,000 (Consensus and Decision Economics: +19,000) from a prior-week level revised up by 4,000.

Labor Department analysts raised no particular concerns about the number--though turn-of-quarter periods represent a challenge for seasonal adjustment, since potential claimants can sometimes lift their weekly benefit amount by postponing applications until the beginning of the new quarter.

The delayed claims would show up next week, and the question will be whether the seasonal adjustment prevents a large spike at that point.

Taking the figures at face value, the indication on payroll October is strong, with the new number covering the second of four weeks, and, at 401,000, combining with the still-low prior-week number (395,000) to put the month-to-date average at 398,000--down nearly 25,000 from the payroll September average. Only a very big jump in claims next week would change the picture of a very decent month-to-month decline in layoffs.

Implications for the data tomorrow are modestly negative, with the important survey-week continuing claims figure--the count of people receiving checks--revised to show a decline of only 1,000 from the August survey-week level, instead of the original -24,000.

The indication on new hiring is still reasonably strong--with the number of recipients holding steady, despite there having been about 20,000 more new claims per week in September than in August--just not quite as strong as it had been before. Note that August hiring looks relatively weak in these data--in that month, continuing claims increased by 34,000, despite the lower number of layoffs than in September.

September payroll employment forecasts are unlikely to change--except for high-end estimates keying heavily off these numbers. October forecasts will be relatively upbeat, unless there is a very big jump in new claims next week.

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