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November 10, 2011

Initial Claims

Initial claims unexpectedly fell by 10,000 (Consensus and Decision Economics: +3,000) from a prior-week level revised up by 3,000. This figure covered the third of four weeks in payroll November, and, at 390,000, put the month-to-date average weekly rate at 399,000, down from an average of 404,000 in payroll October.

That decline is a bit too small to indicate any clear decline in layoffs between the two months, but the fact that the latest result broke new ground on the downside (the lowest number since the brief period of big payroll increases early in the year) does strengthen the message. Another similarly low number next week would be read as pointing to an ongoing improvement.

There was also great encouragement in the continuing-claims result. That count of people receiving benefit checks dropped by 92,000 in the second week of the payroll month, putting the month-to-date net decline at 85,000--compared to 52,000 over the entire payroll-October month.

If that big net decline remains in place, or grows, as data for the next two weeks come in, a strong hint will be given that the ranks of the unemployed are shrinking not only because of reduced layoffs but because new hiring is picking up.

At the moment, the makings are in place for a noticeably better payroll result than seen last time--though the continuing claims numbers are flaky enough that the message might be entirely different in a week or two. Still, there is far more encouragement than discouragement in the results today--and general-economy momentum, though mild, is definitely in the right direction.

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