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December 22, 2011

Initial Claims

Initial claims unexpectedly fall a bit further, dipping 4,000 (Consensus: +12,000; Decision Economics: +19,000) from a prior-week level revised up by 20,000.

The news in the report is the fact that claims have not rebounded, after showing large declines over the prior two weeks--hinting yet more strongly that the improvement is genuine, rather than a seasonal adjustment artifact.

The new figure covered the December payroll-survey week, closing out the five-week month, and at 364,000, put the payroll-December average level at 383,000. That was down some 15,000 from the November average--a meaningful decline in itself, with the indication strengthened further by the fact that the closing-week reading is down nearly 20,000 from the current-month average, so that payroll January will start on a strong footing.

Continuing claims--the count of benefit recipients--are reinforcing the message of strength, with the newly reported fourth-week figure down some 140,000 from the November survey-week figure. A not-inconceivably large bounce next week might still wipe out that indication of strength--but so far the message is that the number of recipients fell by more than would be indicated by the decline in new claims alone, suggesting that new hiring is picking up.

Barring a destructive jump in continuing claims next week, forecasts of private payroll employment keying off these numbers will tend towards 175,000+, on the presumption that companies have generally reached the limits of systematic workforce cuts--and that new hiring may even be stepping up.

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