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Initial Claims: ADP offset?

Weekly initial claims fall a more-than-expected 15,000 (Consensus and Decision Economics: -6,000) from a prior-week level revised up by 6,000. The new figure covered the second week past the December payroll survey period, so there is no direct relevance to the employment data tomorrow.

However, payroll-December weekly initial claims numbers showed a dramatic drop over the course of the survey month--finishing some 30,000 below where they started--and the early payroll-January numbers allow a credibility check on that decline, and on the possibility that it reflected a new stronger underlying trend.

Results are mixed in that respect, with the big upward revision to the first payroll-January number (putting the weekly increase at 21,000) amplifying the hint already there that the December drop was transient--and the bigger-than-expected second-week decline mutes the hint only partway.

The latest claims level, at 372,000, is still up from the final December level of 366,000--but by a small enough amount to leave room for hope that some underlying decline is underway. At the same time, however, the big first-January-week jump is not starkly shown to be an aberration.

The fact that the December falling off in claims may have overstated the power of the underlying drop in layoffs could cool down the most aggressively positive payroll forecasts.

That tendency would also be encouraged by an upward revision to the December survey-week continuing claims count--which had the effect of shrinking the decline from the November survey-week level to 89,000 from 105,000. Effectively, new hiring in December is shown to have accelerated less than earlier seemed to be the case.

The marginal downgrading of December strength suggested by these numbers will probably offset the marginal upgrading suggested by the ADP numbers--leaving even twitchy forecasters about where they were yesterday.

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