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Economic Indicator Insights

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Initial Claims, Housing Starts

Initial claims drop an unexpectedly large 50,000 (Consensus and Decision Economics: -14,000) from a prior-week level revised up by 3,000, and the continuing claims count drops an even more spectacular 215,000. Clearly these are not single-week developments, but some sort of offset for improperly high readings in the recent past. January payroll estimates will shift up moderately, but cautiously--waiting for potential revisions, or an offset to the continuing claims drop, next Thursday.

Housing starts weaken by a more-than-expected 4.1% (Consensus: -0.7%; Decision Economics: +1.5%), but with all weakness centered in the multi-family total (-20.4% following on +23.0%). The more important single-family total rose 4.4%, following on a 3.0% rise last time, and a 3.6% rise the month before that. That steady upward progression in single-family starts looks like a considered builder reaction to the market strengthening which the multi-month surge in the NAHB index indicates that they are seeing. The only piece missing so far is a pickup in actual new home sales. Odds are, it will cvome in the December report due next Thursday.

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