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Initial Claims: Reviving Strength?

Initial claims unexpectedly fall by 1,000 (Consensus and Decision Economics: +5,000) from a prior-week level revised by 3,000.

The result has the important effect of preserving the drop of 24,000 seen in the prior week--and with the new number corresponding to the third of four weeks in payroll May, chances go up sharply that the full month will show a significant decline in claims from the April level.

That drop in layoffs points to a significantly stronger payroll employment result than was seen last month--and the suggestion is strengthened by a very substantial 100,000 drop in continuing claims over the course of the two payroll-May weeks now reported.

Notably, the continuing-claims drop (-39,000) in the first of those two weeks occurred despite relatively high levels of initial claims in the preceding several weeks--indicating that new hiring activity must have picked up.

The most significant good news in the results is the apparent reversal of what had seemed to be the beginning of a new upturn in layoffs. That reversal still remains tentative--but the hint of new hiring activity given by the continuing claims decline makes it a bit less so.

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