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Initial Claims: At "Normal" Level

Initial claims meet expectations, declining by 2,000 (Consensus and Decision Economics: Unch) from a prior-week level revised up by 2,000. The new figure covered the first week of payroll June, and at 370,000, started the new month at a level down 6,000 from the payroll-May average.

The result was important in further establishing that initial claims are down, and likely to stay down, from the levels--20,000 higher--flirted with for three weeks in mid-April. That upshift was clearly temporary, and not the beginning of a sustained rise in layoffs.

Still, initial claims have now stood at the same level for four weeks--actually exceeding somewhat the level that prevailed prior to the April bulge. The current pace of claims, or something just a bit lower, may actually be consistent with normal turnover in a stable labor market--so the lack of further decline is not necessarily bad news.

Still, the clear message would be that further labor market improvement will require proactive behavior by employers--something quite vulnerable to quashing by the current unending flow of major business uncertainties.

Implications of the data for the May payroll employment report, due next Friday, are marginally weakening--with the picture on initial claims in the month unaltered, but the important survey week continuing claims figure, first released today, pointing to a smaller decline from April than hinted by the three weekly numbers available before. Most payroll forecasts will be unaltered, however.

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