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Initial Claims: No Improvement

Initial claims fall a more-than-expected 6,000 (Consensus and Decision Economics: -2,000), but with that progress all-but-fully offset by a 5,000 upward revision to the prior-week level. The overall unemployment insurance report amounts to very mixed news on the labor-market outlook.

The prior-week figure covered the June payroll-survey period, so there was a slight upward revision--a weakening change--to the average flow of layoffs in the survey month. The report today also brought the first look at the critical survey-week continuing claims count, which put the level up 18,000 over the course of the month--about what was expected, but also a weak indication in comparison to the drop of 51,000 seen last month.

Technically, these numbers paint June as a weaker labor-market month even than May--when private-sector payrolls rose only 82,000. Payroll forecasts will generally not take that picture fully on board--since May looked too weak relative to the data then in hand--but will tend to be very conservative.

First indications on payroll-July are reassuringly--or disappointingly--steady, with layoffs in the new week running at the June-average level. Essentially, the employment outlook continues to look very kinfe-edge precarious, with layoffs having drifted up, but so far bouncing off higher levels, and new hiring surely damped by caution.

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