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Initial Claims: Shakier Confidence?

Initial claims are broadly in line with expectations, holding steady (Consensus and Decision Economics: -2,000) at a prior-week level revised up by 2,000. The overall report has a mildly softer tone that may work to pull down the upper fringe of July payroll employment forecasts.

The new figure covered the week just past the August payroll-survey period, so that there is no direct implication for the coming employment data. But, by failing to reverse any of the upward trend in initial claims over the payroll-August weeks, the latest result hints that the trend is genuine--and that layoffs are creeping up once again.

No contradiction to that hint of a softening labor market is contained in the continuing-claims numbers (counting benefit checks issued) either. The latest figure there covered the August survey week and showed a decline of 5,000--but from a prior-week level revised up by 4,000. That preserved a net rise of 25,000 over the course of the August survey month.

Though rising late in the month, initial claims (meaning layoffs) in August actually slowed from July--but, nevertheless, the number of people receiving checks rose by that 25,000 over the course of the month, compared to a decline of 11,000 in July.

The message is that new hiring probably slowed fairly markedly in August, compared to July--a bit of negativity compounded by the fact that layoffs started rising again as August went by.

These kinds of indications are subject to quick reversal--but the picture of deteriorating business confidence being painted now would not be out of synch with an environment of great, and bubbling, uncertanty.

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