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8:30 Numbers: Mixed

Initial claims drop a more-than-expected 30,000 (Consensus and Decision Economics: -2,000) from a prior-week level revised up by 2,000. No special factors were noted by Labor Department analysts.

However, first-week readings for a new quarter are often a bit suspect, because of a tendency for the newly unemployed to delay filings until after a quarter closes, because benefit amounts are usually tied to earnings over the most recent four quarters--and that amount is often higher with the latest quarter included.

Still, that factor would point to strength this time, in that such delayed filings were lower than "normal," suggesting that layoffs may have been too--on a running basis, though not necessarily in absolute level. This was the third of four payroll-October weeks, and the improvement relative to payroll September is greater than in the first two weeks--so there will be some upward pressure on employment forecasts, though with some caution for fear that claims will bounce back up next time.

The August trade deficit widens by the expected $2.0 billion (Consensus: widen $2.0 billion; Decision Economics: widen $1.5 billion), from a July result worsened by $0.5 billion. However, the new deterioration was more than accounted for by petroleum trade, where the deficit widened by $2.5 billion.

Part, but not all, of the of the petroleum move was price related--so the impact of the new results on GDP calculations, though negative, will be limited. Fundamental outlooks will not change.

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