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Initial Claims: Still Strong

Initial claims bounce by a more-than-expected 46,000 (Consensus and Decision Economics: +26,000) from a prior-week decline revised to be 27,000, instead of the earlier-estimated 30,000. However, there is still a clear-cut decline in new claims between the September payroll month and the October month (which ended with this report).

The week-to-week swing apparently represents a timing issue with respect to the normal start-of-new-quarter bulge in claims in the state of California. Instead of hitting last week, when seasonal adjustment looked for it, the bulge hit this time, when the seasonal adjustment was expecting a decline. That exaggerated the swing in the adjusted numbers.

But, the swing is more or less a wash over the latest two weeks, which show an average of 365,000, matching the average in the first two weeks of the four-week payroll month.

At that 365,000, the full month average is down by 14,000 from the payroll-September average--pointing to a significant decline in weekly layoffs, and a strengthening of the labor market in that respect.

But, the payroll-October figure is just flat with the payroll-August level--so there is not any sharp trend improvement being signaled quite yet. Still, there has been some progress, since the last three months have seen two mid-360,000s numbers, whereas the the four months prior to those were all above 375,000.

Payroll forecasts will tend to be a clear notch higher than the result seen in September, and perceptions that increases will grow from there are encouraged.

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