

DAILY GLOBAL
COMMENTARY

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Initial Jobless Claims Edge Up for Second Consecutive Week – It’s Not Unusual

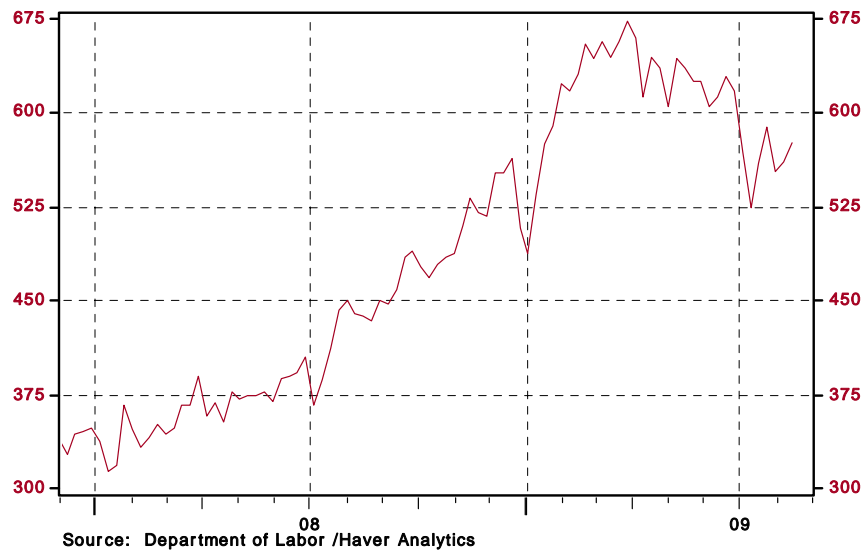
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Initial jobless claims, a relatively good short-term economic leading indicator that is not subject to large and frequent revisions, have increased for two consecutive weeks (see Chart 1). Should we call off the economic recovery? In nearshore sailing on Lake Michigan, my mates and I practice the “ten minute rule.” That is, if the wind velocity changes such that it might be advisable to put a reef into or shake one out of a sail, we wait ten minutes before putting down our beer. If conditions have not changed or moved more in the direction that got our attention in the first place, then we get busy. Perhaps it is advisable to practice the ten week rule when it comes to initial jobless claims. Although they get only lightly revised and are only subject to revision within four weeks of their first release, revisions do occur. Moreover, weekly seasonal adjustment factors are flukier than the winds on Lake Michigan. So, let’s not “reef” our economic recovery call just yet.

Chart 1

Unemployment Insurance: Initial Claims, State Programs

SA, Thous



History suggests that it is not unusual to see some upward short-term blips in initial claims near the end of a recession or early in the recovery. Examples of these short-term reversals can be seen in Charts 2 through 6.

Chart 2

Unemployment Insurance: Initial Claims, State Programs

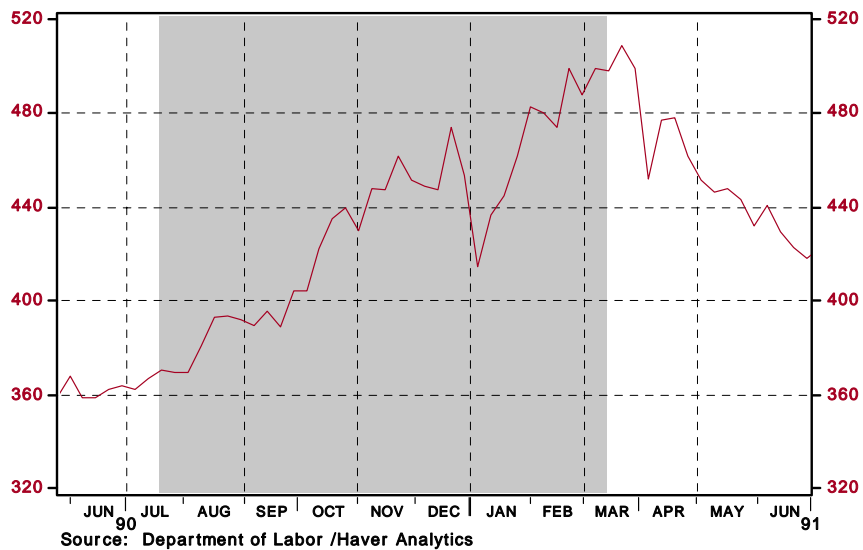
SA, Thous



Chart 3

Unemployment Insurance: Initial Claims, State Programs

SA, Thous



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Chart 4

Unemployment Insurance: Initial Claims, State Programs

SA, Thous

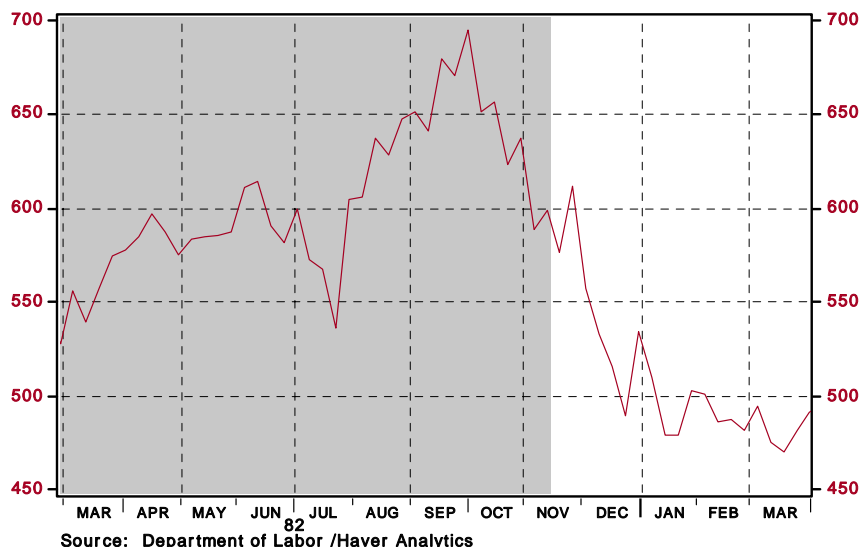
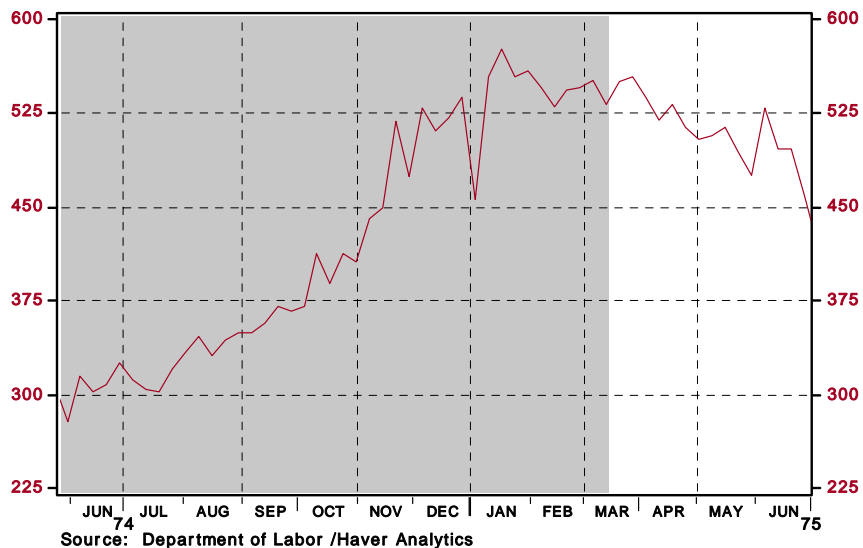


Chart 5

Unemployment Insurance: Initial Claims, State Programs

SA, Thous

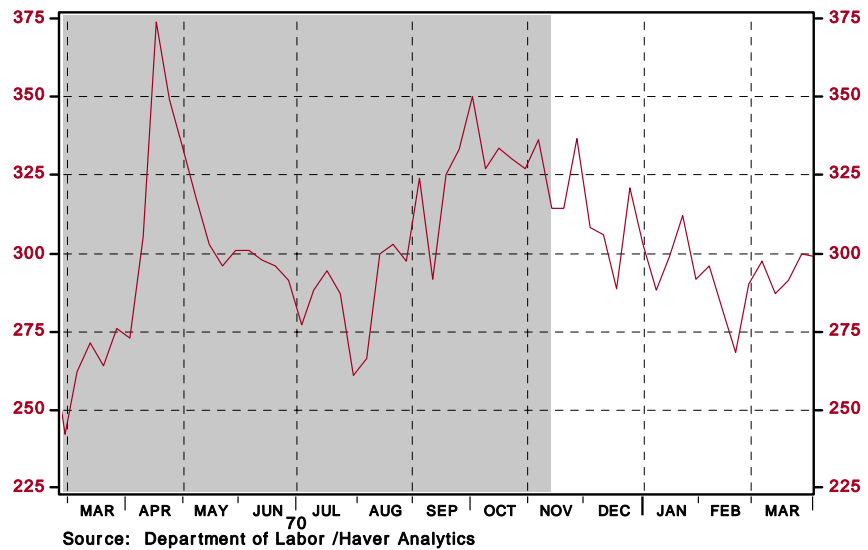


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Chart 6

Unemployment Insurance: Initial Claims, State Programs

SA, Thous



So, keep the recovery faith. This always was going to be a three-steps-forward, two-steps-backwards kind of recovery.

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