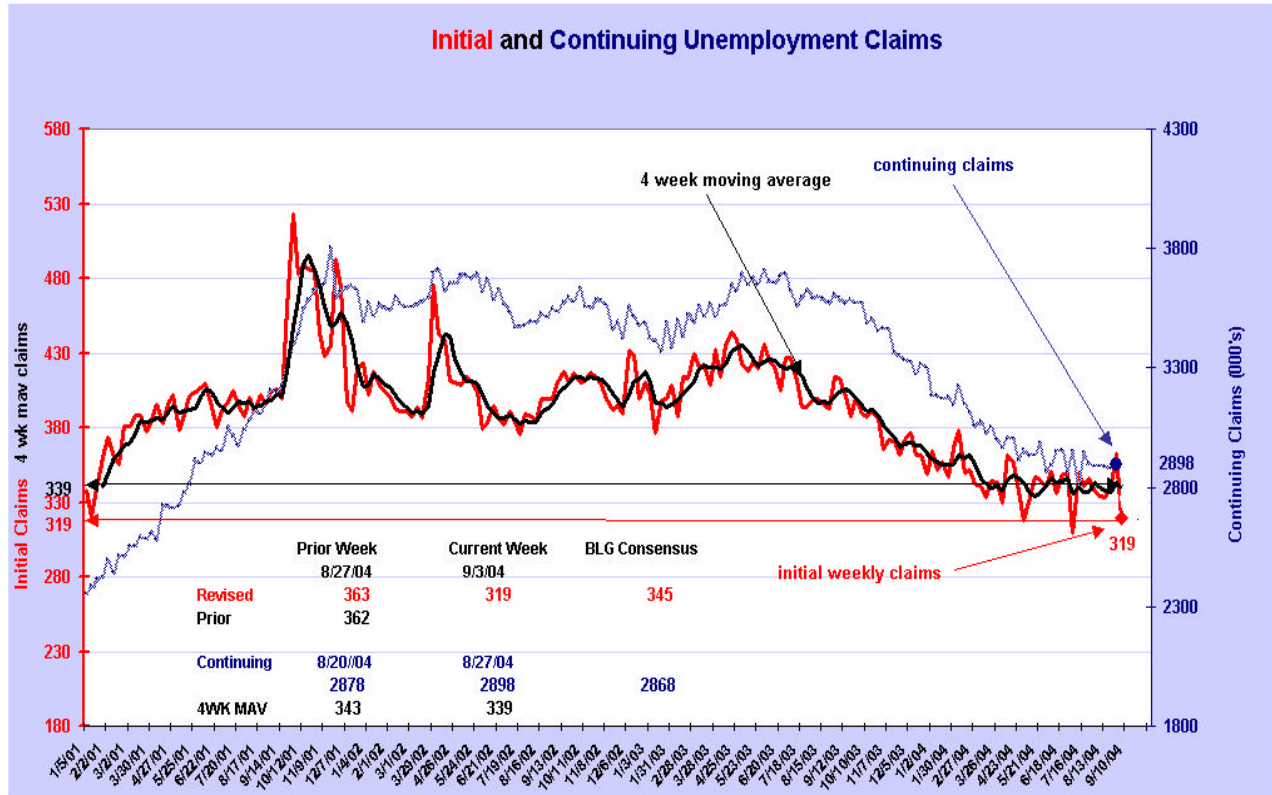




Initial Claims: looking better than they are?



An “unexpected” drop in claims would appear to be a signal event that the “soft patch” could be ending. The usual caution against reading too much in to a one week ‘blip,’ applies, once more, particularly when one realizes that there was essentially no change in the “unadjusted” series. That suggests that the deviation is coming more from a seasonal adjustment than a sharp shift in hiring patterns. That said, employment conditions seem no worse than in prior months and arguably a shade better. Now that economists are rushing to revise downward their forecasts for the SH2004, the potential for unanticipated upside surprises seem greater than usual!