

Datanote: US Weekly Jobless Claims, March 30

**In one line: Edging up, despite
generous seasonals.**

**- Initial claims rose slightly to
221K in the week ending March 30,
above the consensus, 214K, from an
upwardly-revised 212K.**

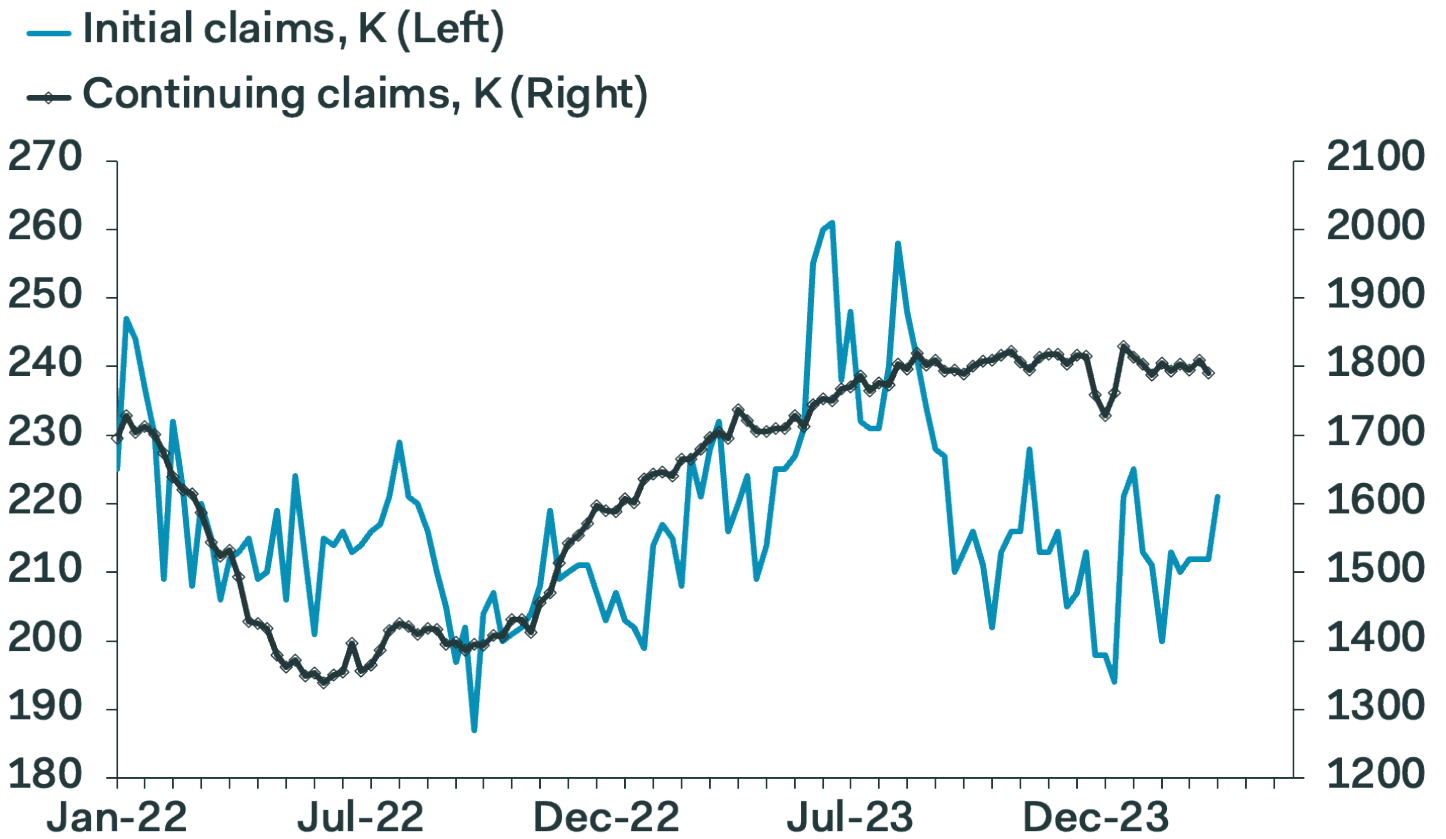
**- Continuing claims fell to 1,791K
in the week ending March 23, below
the consensus, 1,811K, from a
downwardly-revised 1,810K.**

Seasonal adjustment problems due to this year's early Easter again depressed the estimate of initial claims, so the true reading likely is higher than the above-consensus print. We think the underlying trend is beginning to rise. Our second chart below shows that the Labor Department used a higher seasonal factor than in comparable weeks ahead of early Easters. The seasonally adjusted number is derived by dividing the unadjusted reading by the seasonal factor, so a higher factor generates a

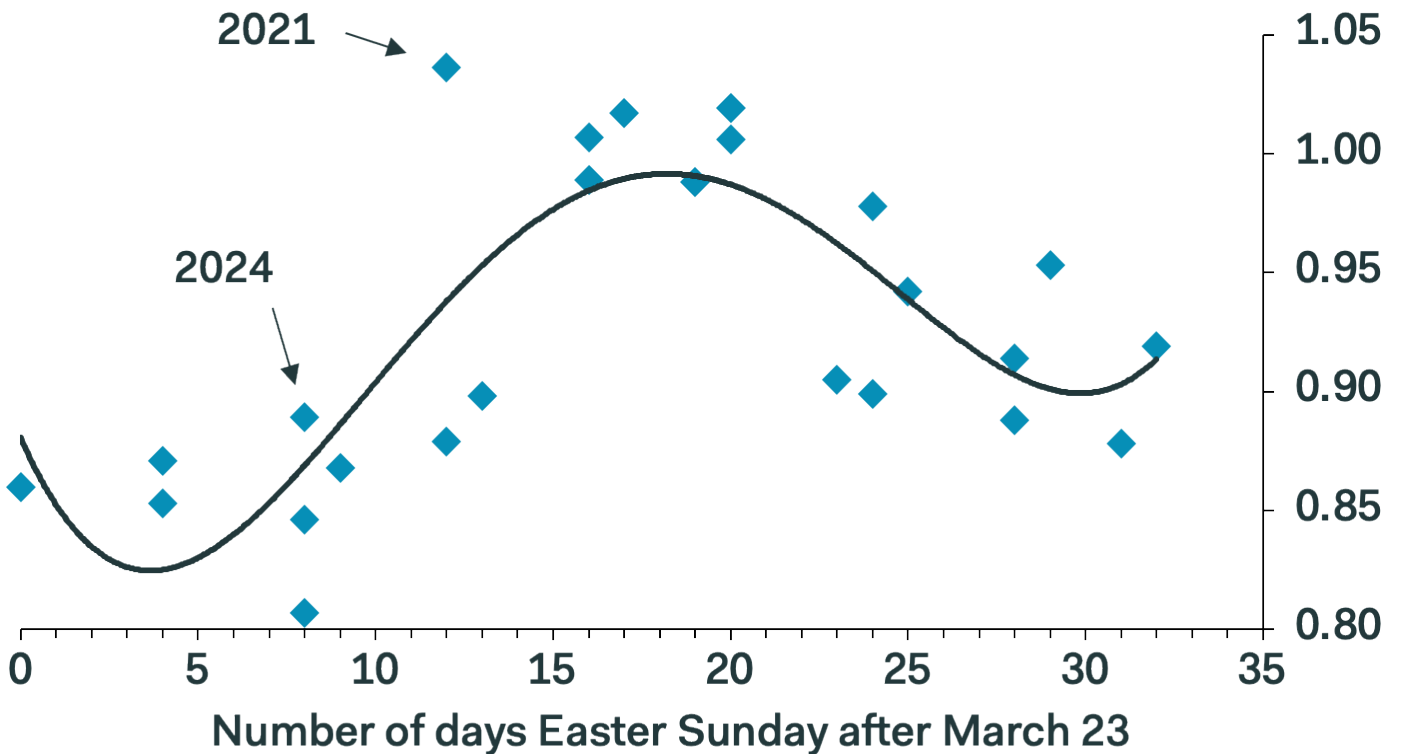
lower adjusted headline print, other things equal. Seasonally adjusted claims would have risen to 232K—the highest since late August—if the Labor Department had applied the seasonal factor used in the week ending 30 March 2013, the last time when Easter Sunday was on 31 March.

The seasonal factor for the week ending April 6 also looks too generous relative to history, but initial claims thereafter likely will rise meaningfully. Our seasonally adjusted index of

Challenger layoff announcements increased 13% m/m in March, reaching its highest level since last May, when redundancies in the tech sector were widespread. WARN notices, and Google searches for “layoffs” also point to an increase in claims ahead, while the steep drop in the NFIB survey’s measure of hiring intentions suggests it will be harder for laid off staff to find a job quickly. As a result, we continue to expect labor market developments, alongside CPI data, to guide the FOMC to start easing in June.



◆ Timing of Easter and seasonal factor for initial jobless claims in one week before week containing Easter Sunday



— Challenger layoff announcements, thousands, SA by PM (Left)
 — Initial jobless claims, thousands (Right)

