

Datanote: US Weekly Jobless Claims, April 27

In one line: An uptrend in initial claims is probably still in the pipeline.

- Initial claims were unchanged at 208K in the week ending April 27, a bit below the consensus, 211K.

- Continuing claims were unchanged too, at 1,774K in the week ending April 20, also slightly below the consensus, 1,790K.

The seasonal patterns were a bit more favorable for initial claims in the latest week compared the previous one, so claims unchanged at 208K represents a trivial deterioration. That said, the four-week average level of initial claims dipped to 210K, from 214K, and the big picture remains that claims are very low given the late stage in the economic cycle, suggesting that many firms are still hoarding staff.

For some time we have been

highlighting a raft of indicators that point to a climb in claims towards the 250K mark last seen in mid-2023. That rise in claims ought to be materializing about now, given the typical lags.

Admittedly, some of these indicators, including the Challenger job cuts—April numbers were released earlier today—recently have improved slightly. But they still suggest that a meaningful increase in claims is due. That would chime with the picture of much softer labor demand, suggested by indicators like the NFIB hiring intentions index.

We think the jobs market will look materially weaker very soon, paving the way for more Fed easing over the rest of this year than is currently expected by markets.



