

Datanote: US Weekly Jobless Claims, October 26

In one line: The hit to payrolls from Milton likely was limited.

- Initial jobless claims fell to 216K, from 228K, below the consensus, 230K.
- Continuing claims dropped to 1,862K, from 1,888K, also below the consensus, 1,880K.

Initial claims have dropped to their lowest level since May. Hurricanes

Helene and Milton and the Boeing strike have distorted the numbers considerably in recent weeks, and the precise impact of these factors is impossible to isolate. But our second chart tentatively suggests that the impact of the strike and Hurricane Helene has continued to fade.

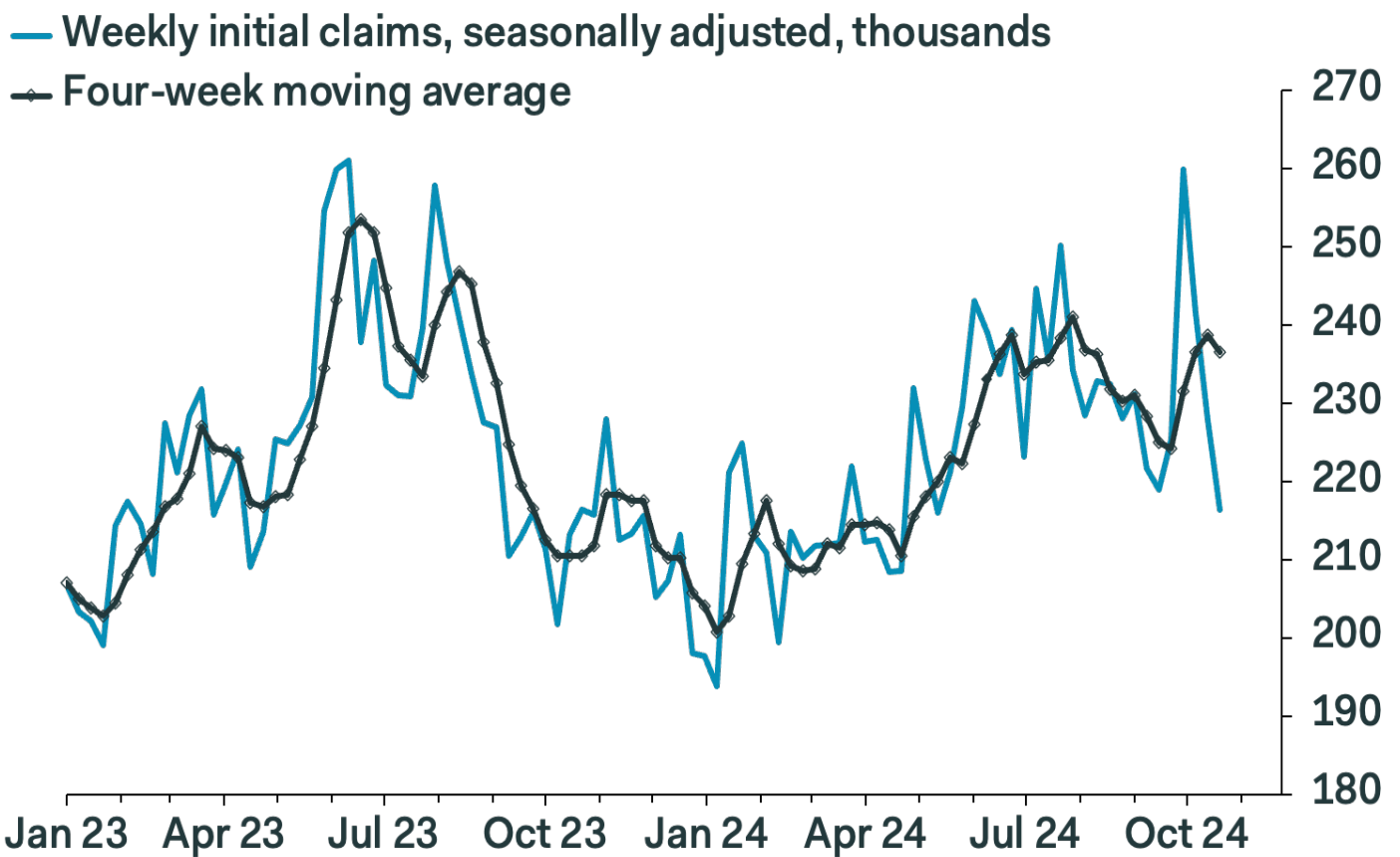
The latest dip in claims in Florida, meanwhile, also suggests that the peak impact of Hurricane Milton is over too. Looking past these factors, the big picture remains that initial claims have remained very low given the late stage

in the economic cycle. Businesses still seem to be managing labor costs by cutting hiring, rather than with layoffs. Most leading indicators of claims that we track, such as the Challenger job cut announcements, generally point to this continuing, at least for now.

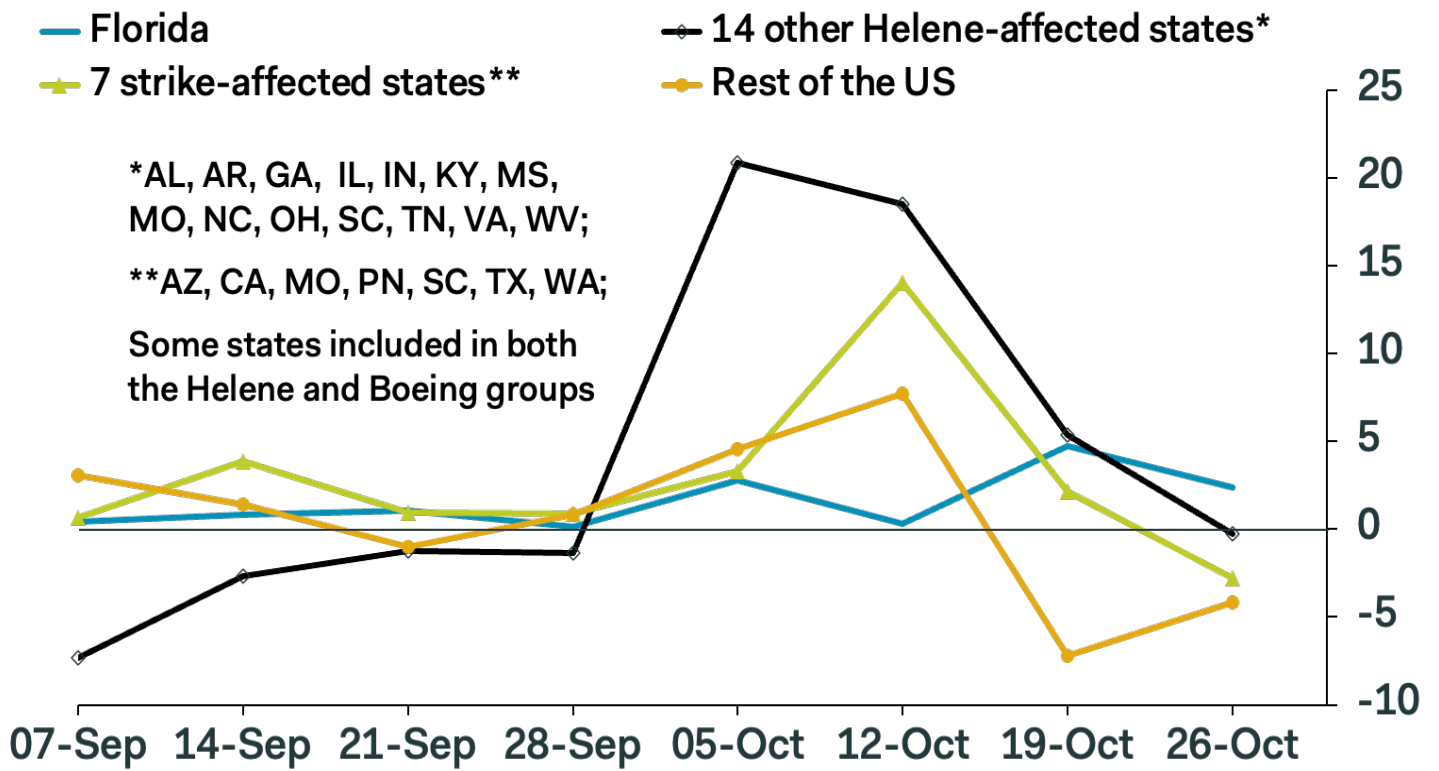
We think the latest claims numbers support our view that Hurricane Milton will have a relatively small impact on October's nonfarm payrolls. The rise in initial claims in Florida following Milton was far smaller than that following

other major hurricanes which hit Florida in the past. Moreover, Hurricane Milton landed mid-way through the survey week for this month's employment report. State-level data from Homebase suggests employment in Florida at the start of the survey week before Milton was roughly in line with normal. Anyone who was unable to work due to the Hurricane, but who did at least some work in the few days before Milton hit, will still be counted on payrolls in October. We are assuming a hit to payrolls from Milton of around

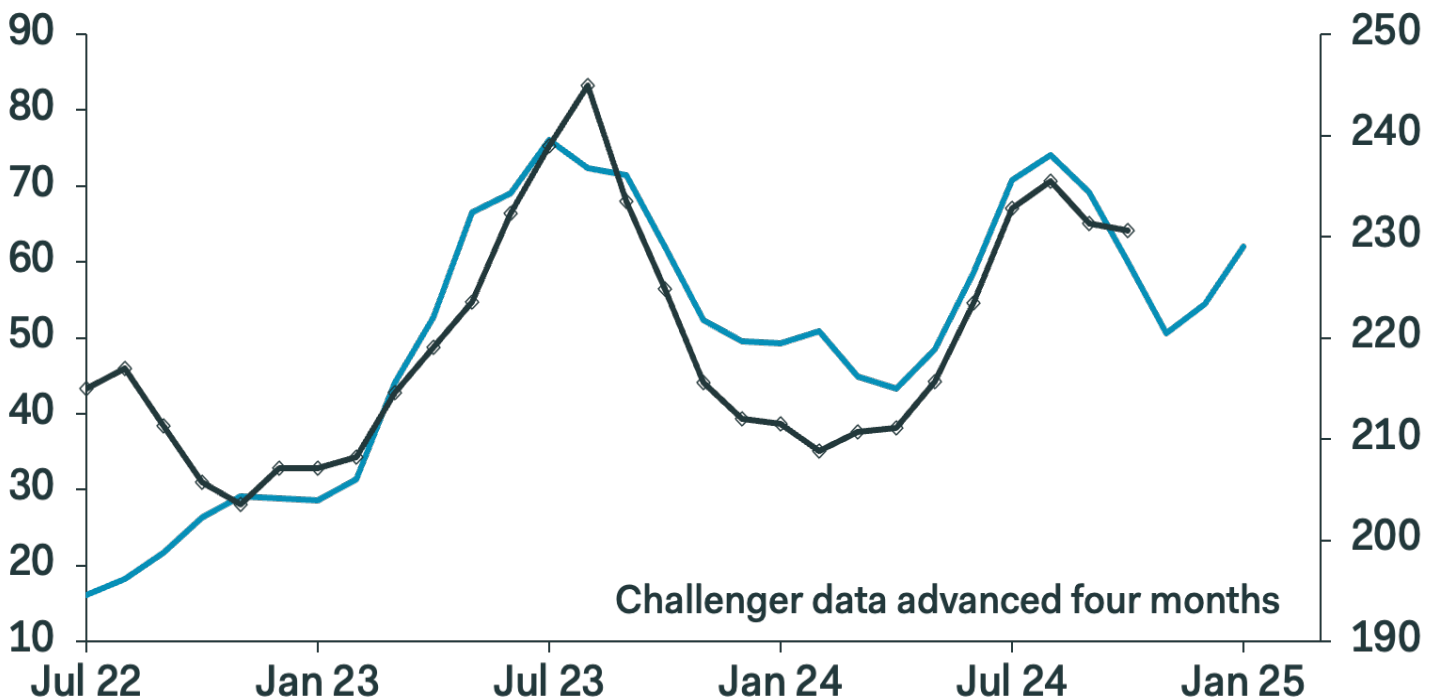
25K, but we are braced for a surprise, in either direction.



Year-over-year change in NSA initial jobless claims, K



— Challenger layoff announcements, thou., 3m ave., SA by PM (Left)
 — Initial jobless claims, 3-month average, thousands (Right)



Florida initial jobless claims , NSA, K

