

MIXED MESSAGES IN TODAY'S ECONOMIC NEWS



Today's news from the Labor Department is bad, but may not be as bad as it first appears. Initial claims for unemployment rose by 36,000 last week, well above the anticipated 4,000. Worse than that is the four week average, which ended its 20 week streak declines with an increase of 7,000. Economists were quick to point out that some of the increase may be attributable to a backlog of November and December claims that hadn't been processed yet due to straining state and local budgets. If that's true, then the recent uptick in initial claims represents a statistical correction rather than a change in direction, but also means that earlier optimistic projections were based on bad data. On the upside, the Federal Reserve Bank of Philadelphia released its manufacturing index showing an increased, if modest, growth in manufacturing. This report is considered to be a good indicator of national manufacturing trends, so continued growth is cause for cautious optimism. The Labor Department also had some good news, reporting that the median wage in the 4th quarter was 1.2% higher than the previous year, after adjusting for inflation.

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