

RISING JOBLESS CLAIMS RAISE DOUBT ON 'RECOVERY'



Jobless claims last week hit a two-month high and revised data found that more applications were received in the prior week than previously revealed. Defying the expectations of economists' that jobless claims would drop to 355,000 the Labor Department announced on Thursday that in fact, jobless claims had risen to a seasonally adjusted 380,000. Claims rose by 13,000 last week, and revised numbers show that there was a rise of 10,000 more applications in the prior week than reported earlier. Such findings are in stark contrast with the 'feel good, the recovery is here' data tabled by statisticians and politicians. However, economists warned against trying to give too much weight to the instant report as there are seasonal fluctuations around Easter. Tim Quinlan, an economist from North Carolina, who works at Wells Fargo Securities, told Reuter, "It certainly bolsters the view that things are starting to slow down." While the market was floating on a wave of positive statistics since last few months, a critical report on Friday showed that in March the economy had created the fewest jobs since October 2011. The rapid decline of the unemployment rate is now being attributed more to people giving up on hope and refusing to look for work than on anything else. However, economists note that in nine out of the last 11 Easter holiday weeks, claims have always risen. So, this may just be part of the pattern and not an anomaly that disproves economic recovery. Ryan Sweet, from Moody's Analytics told the media "We're also getting some payback for a mild winter. Mild temperatures kept construction workers on the payrolls and that is causing some issues with the seasonal adjustment as well." Talking on the increase in jobless claims, Mr. Sweet said, "The increase caught our attention, but the next few weeks will be very telling. If claims continue to tick higher then it will be a signal that the sword over the jobs market is real. For now we take this report with a grain of salt." William Dudley, president of the New York Federal Reserve Bank said on Thursday that the bank was collecting more information to determine whether the weak employment report was just due to weather or a signal that the economic recovering is losing its strength. However, the four-week moving average for new claims, which is considered a better measure of labor market trends, also rose moderately.

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