

July 23, 2009

Initial Jobless Claims, July 17, 2009



Eugene Lancaric, CFA
Multi-Asset
Strategies and
Solutions Group

Initial unemployment insurance claims increased essentially as forecast in the week ending July 17. Continuing claims, reported for the previous week, declined modestly. The difference between unadjusted and seasonally adjusted claims data was considerably narrower this time than a week earlier, suggesting that the distortions introduced by auto plant shutdowns had narrowed. The underlying trend in claims probably points to a number of about 570,000 for last week, close to the four-week moving average, and claims should continue to move lower in coming weeks.

- Seasonally adjusted initial claims rose 30,000 to 554,000 for the week ending July 17. The four-week moving average for seasonally adjusted claims fell to 566,000 from 585,000 the week before. Before seasonal adjustment, claims fell 86,000 to 581,000, and the four-week moving average was little changed at 597,000. While unadjusted claims were 144,000 greater than seasonally adjusted claims in the week ending July 10, last week the difference was only 27,000. This suggests that most of the distortion resulting from the unusual timing of auto industry shutdowns this year has now come out of the data. The mean forecast had been for 557,000 claims last week, with individual forecasts ranging from 500,000 to 600,000.
- States with the largest increases in initial claims last week were New York, North Carolina and Florida, while states with the greatest declines were Michigan, Massachusetts and New Jersey.
- Continuing claims for the week ending July 10 fell 1.4% to 6,225,000 on a seasonally adjusted basis, but rose 1% to 6,231,000 on an unadjusted basis. The mean forecast had been for a rise to 6,425,000, with individual forecasts ranging from 6,200,000 to 6,860,000.

Source: U.S. Department of Labor

With the seasonal adjustment problem less serious in this report, it is now clear that the trend in claims is moving downward. We can now be reasonably confident that, barring a new economic shock, the late-March peak in seasonally adjusted initial claims will stand as the peak for this cycle. ■

This commentary has been prepared by ING Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

The opinions, views, and information expressed in this report regarding holdings are subject to change without notice. The information provided regarding holdings is not a recommendation to buy or sell any security. Portfolio holdings are fluid and are subject to daily change based on market conditions and other factors.

It is understood that the marketing materials being submitted to the compliance department for review are to be used only within the US. If the materials are to be used in any jurisdiction outside of the US, employees must consult with the legal department prior to their use.