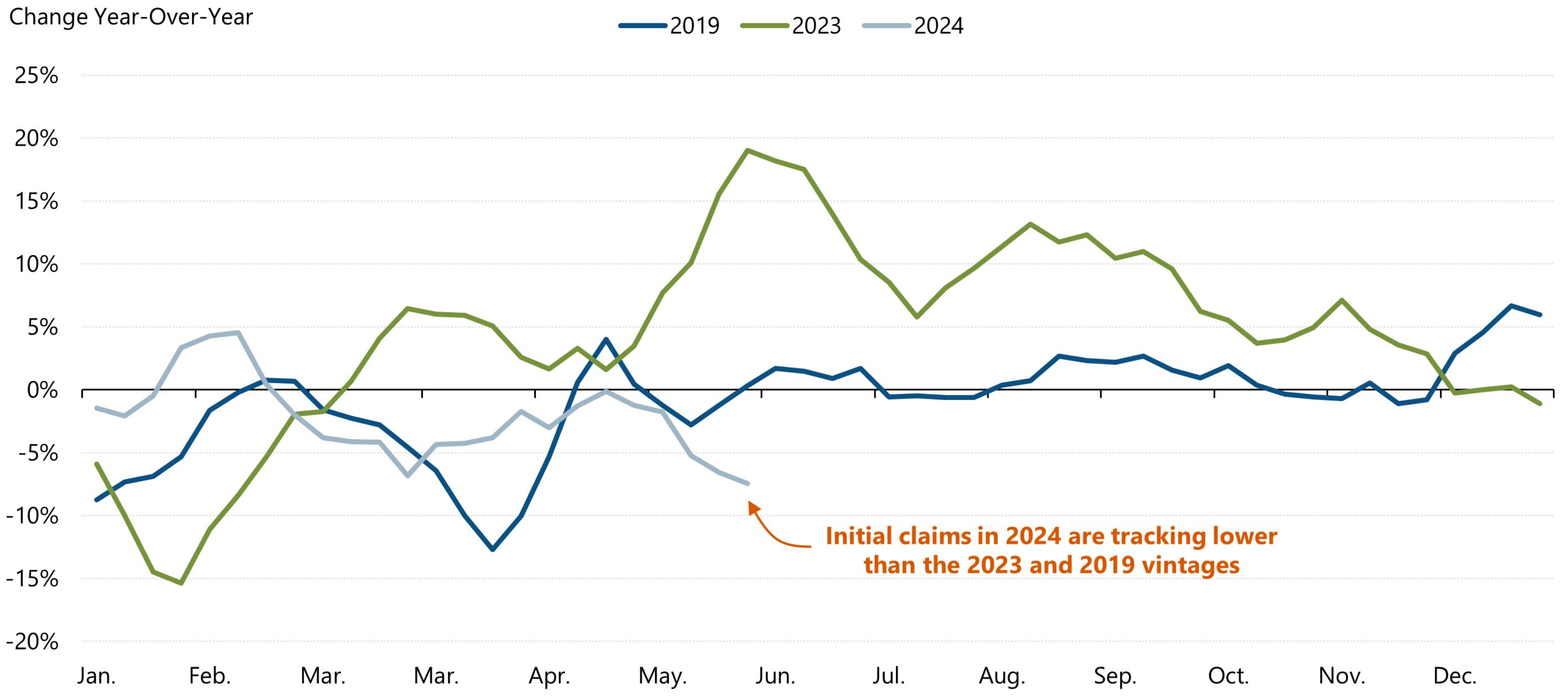
CHART OF THE WEEK Payden&Rygel

Claims Consternation

Weekly U.S. Initial Jobless Claims*

For The Week Ending 06/28/2024



Source: U.S. Department Of Labor

**Tracks the weekly initial filings for unemployment benefits, the best proxy for layoff activity, first available in 1967*

This week, investor attention shifted to the recent rise in the weekly initial jobless claims data, a proxy for layoff activity. Some investors cited the uptick in layoffs as a sign that a consumer-led slowdown is imminent. Indeed, initial claims touched a cycle-low in January, at 194,000, but reached 233,000 in the latest week of data. We're unperturbed by the rise though. First, the current level remains well below the pre-pandemic average of +280k/week. Second, on a year-over-year basis (the measure used by NBER in its official business cycle dating), initial claims have decreased 7% from a year ago, much lower than the trend in 2023 and 2019. Third, research from the Richmond Fed staff on the historical reliability of initial claims data in forecasting a recession shows that, since 1963, an initial claims rise of 7.4% year-over-year signals a 90% chance a recession is imminent. With layoff counts down versus year-ago levels to finish Q2, bearish investors ought to look elsewhere for evidence of a slowdown in the latter half of 2024.