Jobless Claims Plunge to 50-year Low

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This morning, initial jobless claims for the week ending December 4th dropped to 184,000, the *lowest weekly count since 1969*. These claims represent first-time filings for state unemployment benefits. The fact that employers have laid-off so few employees in recent weeks is a clear indication of the scarcity of available workers.

Through the end of November, the total number of unemployed Americans receiving jobless benefits was *just under two million*. By contrast, there were more than 32 million receiving benefits in June 2020, and more than 12 million as recently as four months ago before the federal unemployment benefits program ended.

For much of the year, Fed Chairman Powell had asserted that the labor market had a "long way to go" before reaching full employment. This had been the primary reason why monetary policy has remained so accommodative. In recent months, Powell has shifted concerns away from job growth to focus on continued weakness in the labor force participation rate.

The total number of employed Americans is still almost four million below the count from February 2020. *The workers may not have returned, but the jobs have.* The Job Openings and Labor Turnover Survey (JOLTS) for October (released earlier this week) showed job openings climbing back above 11 million, while the November employment report showed just under 7 million Americans actively seeking work. By this measure, the Fed has clearly achieved its employment mandate. The focus is now squarely on inflation, making tomorrow's release of the November consumer price index a potential market mover.

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This morning's claims data supports a widely-held expectation that Fed officials will announce an increase in the taper pace at next week's FOMC meeting.

Market Indications as of 10:12 A.M. Central Time

DOW	Down -55 to 35,699 (HIGH: 36,432)
NASDAQ	Down -116 to 15,671 (HIGH: 16,057)
S&P 500	Down -14 58 to 4,687 (HIGH: 4,705)
1-Yr T-bill	current yield 0.27%; opening yield 0.27%
2-Yr T-note	current yield 0.67%; opening yield 0.68%
3-Yr T-note	current yield 0.99%; opening yield 1.00%
5-Yr T-note	current yield 1.24%; opening yield 1.27%
10-Yr T-note	current yield 1.47%; opening yield 1.52%
30-Yr T-bond	current yield 1.85%; opening yield 1.89%

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