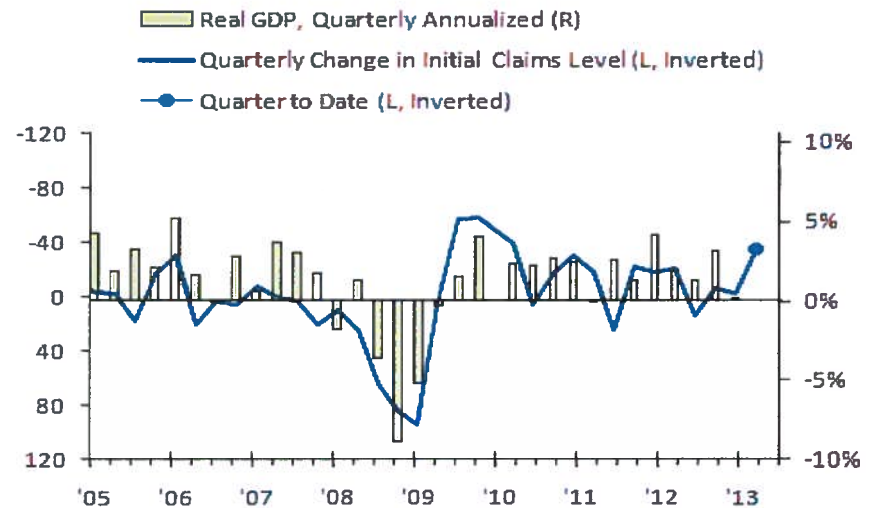


**CHART OF THE WEEK: PAGE 18**  
**INITIAL JOBLESS CLAIMS AND GDP**

Last week, initial jobless claims hit a new low for the cycle, confirming a healthier labor market and signaling stronger economic growth ahead. Claims came in at just 332,000, which is consistent with monthly payroll growth of around 200,000 jobs; the three-month moving average for payrolls is currently pretty close at 190,000. As impressive as the low level of jobless claims already is, the change in the level itself is pointing to stronger growth ahead.

The change in jobless claims can be a real-time, rough-and-ready indicator of GDP trends. During the fourth quarter of 2012, for instance, claims were little changed from the preceding quarter; GDP growth registered just above zero. In the first quarter of 2013 to date, claims have declined by 35,000, which would be consistent with GDP growth of around 4%.

According to Bloomberg, economists currently expect just 2% growth for the first quarter, although the consensus has been moving up as stronger data comes in. In our view, housing, consumers, and capex taken together will be stronger than expectations, and the drop in jobless claims will prove to be a better predictor of 1Q GDP growth than the consensus.



Source: Bloomberg, McAlindenResearch | catalpacapital.com

The Weekly Macro Deck includes a summary page of the prior week's global data, detailed for some of the key data, and an appendix of high frequency data.

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	Level				Weekly Change			
	Mar-08	Mar-01	Feb-22	Feb-15	Mar-08	Mar-01	Feb-22	Feb-15
Initial Jobless Claims	332	342	347	366	-10	-5	-19	24
4 week moving average	347	349	356	362	-3	-7	-6	9
Continuing Jobless Claims	-	3,024	3,113	3,091	-	-89	22	-74
4 week moving average	-	3,098	3,127	3,159	-	-28	-33	-31

