

Latest Revision

1.000

Date Revised

2024-05-04

Revision Percentile

160

140

120

67.53%

Initial Claims for Unemployment Insurance

Change from Year Ago

-1.33%

Initial Claims values are tracking well below past values in 10Y-3M Inversion regimes.

Figure 2: Initial Claims by Inflation Regime

Latest

222.000

Date

2024-05-16







Year-over-Year Analysis of Initial Claims

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The yearly Initial Claims change ranks 31.27% for the Pre-Recessionary regime. Values within + or - 45,985 from the mean of 27,063 are normal for the Pre-Recessionary regime.

Our composite model indicates that we are currently in a Pre-Recessionary regime. An yearly Initial Claims change of -3,000 is in-line with historical Pre-Recessionary prints.

Figure 5: Comparison Across Other Business Cycle Regimes



Yearly Initial Claims changes larger than 160,700 or smaller than -57,200 are improbable on any given week and could suggest the Pre-Recessionary regime is changing.

The Pre-Recessionary regime is ranked 2nd out of the 5 regimes, indicating a lower levels of variability of values compared to other regimes.

Figure 6: Initial Claims Yearly Change Summary by Regime

Regime	Mean Abs Dev	Median	1st Percentile	5th Percentile	95th Percentile	99th Percentile
Economic Expansion	79,247	-30,000	-1,023,240	-211,000	22,400	61,440
Economic Recovery	188,958	-9,500	-3,694,670	-185,250	112,900	600,250
Economic Limbo	41,658	-12,000	-451,400	-106,000	65,000	142,000
Pre-Recessionary	45,985	15,000	-122,880	-57,200	160,700	194,540
Recessionary	61,932	97,000	-20,860	6,350	257,000	298,790

Quarter-over-Quarter Analysis of Initial Claims

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Figure 7: Latest Initial Claims Data vs. Prior Pre-Recessionary Regimes



The quarterly Initial Claims change ranks 72.91% for the Pre-Recessionary regime. Values within + or - 23,434 from the mean of 8,870 are normal for the Pre-Recessionary regime.

An quarterly Initial Claims change of 22,000 is unfavorably higher than the 6,000 median value of Initial Claims in this regime, suggesting economic weakness.

Figure 8: Comparison Across Other Business Cycle Regimes



Quarterly Initial Claims changes larger than 72,000 or smaller than -40,400 are improbable on any given week and could suggest the Pre-Recessionary regime is changing.

The Pre-Recessionary regime is ranked 3rd out of the 5 regimes, indicating a moderate levels of variability of values compared to other regimes.

Figure 9: Initial Claims Quarterly Change Summary by Regime

Regime	Mean Abs Dev	Median	1st Percentile	5th Percentile	95th Percentile	99th Percentile
Economic Expansion	22,006	-6,000	-187,920	-57,000	30,000	52,000
Economic Recovery	38,389	-18,500	-234,080	-133,550	27,000	69,260
Economic Limbo	22,325	-2,000	-71,000	-44,000	47,000	72,600
Pre-Recessionary	23,434	6,000	-85,320	-40,400	72,000	109,940
Recessionary	45,521	17,000	-119,720	-79,300	125,300	177,510

Revision Analysis of Initial Claims

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Figure 10: Latest Revision Data vs. Prior Pre-Recessionary Regimes



The last revision occured for the 2024-05-04 data release when the model was in the Pre-Recessionary regime. The Initial Claims revision ranks 67.53% for the Pre-Recessionary regime. Values within + or - 5,643 are normal for the Pre-Recessionary regime.

An Initial Claims revision of 1,000 is in-line with historical revisions.

Figure 11: Initial Claims Revision Summary by Regime



Initial Claims revisions larger than 7,000 or smaller than -21,400 are improbable in the Pre-Recessionary regime.

The Initial Claims are most predictable in the Pre-Recessionary regime with the lowest variability of revisions among all regimes.

Figure 12: Initial Claims Revision Summary by Regime

Regime	Mean Abs Dev	Median	1st Percentile	5th Percentile	95th Percentile	99th Percentile
Economic Expansion	6,504	2,000	-33,010	-12,000	16,000	31,000
Economic Recovery	12,289	11,000	-61,000	-11,000	29,000	37,000
Economic Limbo	6,157	-1,000	-32,520	-14,000	13,600	34,000
Pre-Recessionary	5,643	-1,000	-29,080	-21,400	7,000	13,000
Recessionary	7,438	-2,000	-18,260	-15,000	16,000	23,260

Continued Claims for Unemployment Insurance

Date	Latest	Change from Year Ago	Latest Revision	Date Revised	Revision Percentile
2024-05-16	1,794,000	4.91%	-4,000	2024-04-27	56.25%

Continued Claims (Insured Unemployment) Path Analysis



Continuing Claims values are tracking below past values in 10Y-3M Inversion regimes.

Figure 2: Continued Claims (Insured Unemployment) by Inflation Regime



Figure 3: Continued Claims (Insured Unemployment) By Period Following Yield Curve Inversion



Year-over-Year Analysis of Continued Claims (Insured Unemployment)

Figure 4: Latest Continued Claims (Insured Unemployment) Data vs. Prior Pre-Recessionary Regimes



The yearly Continuing Claims change ranks 58.09% for the Pre-Recessionary regime. Values within + or - 276,430 from the mean of 106,853 are normal for the Pre-Recessionary regime.

Our composite model indicates that we are currently in a Pre-Recessionary regime. An yearly Continuing Claims change of 84,000 is in-line with historical Pre-Recessionary prints.

Figure 5: Comparison Across Other Business Cycle Regimes

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Yearly Continuing Claims changes larger than 1,065,750 or smaller than -371,250 are improbable on any given week and could suggest the Pre-Recessionary regime is changing.

The Continuing Claims are most predictable in the Pre-Recessionary regime with the lowest variability of values among all regimes

Figure 6: Continued Claims (Insured Unemployment) Yearly Change Summary by Regime

Regime	Mean Abs Dev	Median	1st Percentile	5th Percentile	95th Percentile	99th Percentile
Economic Expansion	709,793	-300,000	-12,754,520	-1,726,600	101,400	394,480
Economic Recovery	894,490	378,000	-12,557,910	-1,023,300	1,861,950	3,113,130
Economic Limbo	314,924	-125,000	-2,376,400	-1,461,000	391,000	1,266,200
Pre-Recessionary	276,430	40,000	-1,222,650	-371,250	1,065,750	1,457,650
Recessionary	604,771	845,500	48,130	226,100	2,774,700	3,507,160



Month-over-Month Analysis of Continued Claims (Insured Unemployment)

Figure 7: Latest Continued Claims (Insured Unemployment) Data vs. Prior Pre-Recessionary Regimes

The monthly Continuing Claims change ranks 40.9% for the Pre-Recessionary regime. Values within + or - 60,132 from the mean of 18,234 are normal for the Pre-Recessionary regime.

An monthly Continuing Claims change of -3,000 is in-line with historical prints.

Figure 5: Comparison Across Other Business Cycle Regimes

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Monthly Continuing Claims changes larger than 169,000 or smaller than -100,750 are improbable on any given week and could suggest the Pre-Recessionary regime is changing.

The Pre-Recessionary regime is ranked 3rd out of the 5 regimes, indicating a moderate levels of variability of values compared to other regimes.

Figure 9: Continued Claims (Insured Unemployment) Monthly Change Summary by Regime

Regime	Mean Abs Dev	Median	1st Percentile	5th Percentile	95th Percentile	99th Percentile
Economic Expansion	53,625	-20,000	-381,480	-158,400	69,000	131,880
Economic Recovery	109,783	-56,000	-500,980	-350,600	76,000	136,890
Economic Limbo	58,679	-1,000	-190,600	-131,000	123,000	193,000
Pre-Recessionary	60,132	7,000	-155,200	-100,750	169,000	259,950
Recessionary	113,274	62,000	-369,370	-125,150	382,500	478,510

Revision Analysis of Continuing Claims

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Figure 10: Latest Revision Data vs. Prior Pre-Recessionary Regimes



The last revision occured for the 2024-04-27 data release when the model was in the Pre-Recessionary regime. The Continuing Claims revision ranks 56.25% for the Pre-Recessionary regime. Values within + or - 28,224 are normal for the Pre-Recessionary regime.

An Continuing Claims revision of -4,000 is in-line with historical revisions.

Figure 11: Continuing Claims Revision Summary by Regime



Continuing Claims revisions larger than 81,500 or smaller than -58,000 are improbable in the Pre-Recessionary regime.

The Continuing Claims are most predictable in the Pre-Recessionary regime with the lowest variability of revisions among all regimes.

Figure 12: Continued Claims (Insured Unemployment) Revision Summary by Regime

Regime	Mean Abs Dev	Median	1st Percentile	5th Percentile	95th Percentile	99th Percentile
Economic Expansion	30,043	5,000	-146,120	-69,800	65,000	112,000
Economic Recovery	94,544	82,000	-98,610	-78,350	298,350	325,870
Economic Limbo	35,902	1,000	-128,640	-70,000	82,200	209,880
Pre-Recessionary	28,224	-6,000	-77,100	-58,000	81,500	133,500
Recessionary	104,358	-40,500	-274,380	-229,850	213,250	256,530



Summary Page 1: Macrodial Composite Model

Historical View of Macro Dial Composite Components

	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	
VIX Vs. Yield Curve	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	Indicative
Unemployment Rate	1	1	-1	1	-1	-1	-1	-1	-1	-1	-1	-1	Contribution to Model
U Michigan Sentiment	0	-1	1	1	1	1	-1	-1	1	1	1	1	Score
Truck Transport Employees	1	1	1	1	-1	-1	-1	-1	0	-1	-1	-1	
Personal Savings Rate	1	1	1	1	1	1	1	1	1	1	1	1	
New Housing Starts	-1	1	-1	0	-1	-1	-1	1	1	-1	1	-1	
Margin Debt	-1	-1	-1	-1	1	1	1	1	1	1	1	1	
Initial Claims	-1	-1	-1	1	1	1	1	1	1	-1	-1	-1	
Continued Claims	-1	-1	1	1	1	1	-1	-1	-1	-1	-1	1	None
Consumer Price Index	1	1	1	1	1	1	1	1	1	1	1	1	
Advance Retail Sales	1	1	1	1	1	1	1	1	1	-1	1	1	
10Y-3M Reversion	0	0	0	1	0	0	0	0	0	0	0	0	
10Y-3M Inversion	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
Net Indicative Contribution	0	0	0	6	2	2	-2	0	3	-4	0	0	Negative

6 of 13 economic indicators are
contributing positively to the Macro Dial
score.

Summary Page 2: Indicator Paths Analysis

Economic

Real GDP	~7
Industrial Production	~7
Real Personal Income	\rightarrow
C & I Loans	~
Leading Indicators OECD	~7

Employment

Total Nonfarm Payroll	~7
Unemployment Rate	\sim
Initial Claims	\sim
Continued Claims	\sim
All Emp. Truck Transport	~7

The majority of Economic indicators are
demonstrating favorable trends relative
to prior 10Y-3M Inversion regimes.
All Employment indicators are
demonstrating favorable trends.

Housing	
Units Started	~7
Units Authorized	~7
Units Under Construction	~7
Units Under Construct	~7
Median Sales Price	\sim

Fi	ina	nc	ial

Federal Funds Rate	~7
10Y-3M Spread	~7
10Y-2Y Spread	~7
Real 10Y Yield	~7
High Yield OAS	∽,

The majority of Housing indicators are demonstrating favorable trends relative to prior 10Y-3M Inversion regimes. The majority of Financial indicators are demonstrating unfavorable trends relative to prior 10Y-3M Inversion regimes.

Inflation	
Consumer Price Index	\sim
Personal Consumption Ex.	\rightarrow
PPI: All Commodities	~
5Y Breakeven Infl.	~7
10Y Breakeven Infl.	~7

Transportation		
Truck Tonnage Index	\sim	
U.S. Waterways Tonnage	~7	
Pipe Petrol Movement	~7	
Rail Freight Carloads	∽ ⊿	
Air Passenger Miles	~7	

The economic indicators tracked above are largely exhibiting mixed trends relative to prior 10Y-3M Inversion regimes.

The majority of Inflation indicators are demonstrating favorable trends relative to prior 10Y-3M Inversion regimes.

The majority of Transportation indicators are demonstrating favorable trends relative to prior 10Y-3M Inversion regimes.

Appendix

Period-over-Period Analysis Charts (For Initial and Continued Claims Data, and Revisions)

These distribution charts help investors evaluate the likelihood of observing various levels of changes in the claims data released every Thursday when the Department of

Labor publishes its Initial and Continued Claims reports.

We utilize our Macro Composite Model to identify the current regime and then compare the latest claims data with previous observations that occurred during similar business cycle regimes. This context is crucial because claims data have historically exhibited distinctive biases depending on the business cycle regime in which they originated.

The distribution charts utilize a Y-axis that plots the historical probability (ranging from 0% to 50%) of the Department of Labor reporting a particular value of claims change

for the timeframe specified on the chart.

The peak of chart chart represents the median claim value, i.e. the 50% point, where 50% of the data falls to the left of the peak, and 50% of the data falls to the right of the peak. By comparing the latest data point to historical observations within similar business cycle regimes, investors can evaluate whether the reported figure is typical or atypical for the current economic phase. Unusual deviations from historical trends, such as exceptionally strong or weak values unrelated to isolated events like natural disasters, may suggest a potential transition to a new business cycle regime, or a mis-classication of the regime by the Macro Composite Model.

Charts Comparing Distributions Across Business Regimes

By segmenting the regimes in Expansion, Recovery, Limbo, Pre-Recessionary, Recessionary, and then lining up the segments on a single chart, we can more easily discern

how claims data tends to behave across different business cycle phases.

Fatter tails in a regime's distribution suggest a greater variability in period over period claims prints during that period. Conversely, when a regime's distribution is more

tightly clustered around the median, it indicates historically lower variability in the claims data.

During regimes associated with distribution curves where peaks (i.e. the median claim value) settle along a positive number on the X-axis, claims exhibit a historical bias to

increase (period over period) on release day. Conversely, in regimes where the peak (the median claim value) aligns with a negative number on the X-axis, claims tend to

exhibit a decline (period over period).

Claims Path Compared to Yield Curve and Economic Regimes

These visualizations illustrate the current trajectory of the claims data since the trigger signal for the Yield Curve or Economic Regime compared to the historical distribution of past Yield Curve or Economic Regimes. For example, one signal is the 10-year minus 3-month yield curve inversion in the current cycle compared with the historical distribution of the indicator during the previous equivalent inversion periods from 1968 to present, all of which preceded recessions. The charts include bands delineated by the 25th and 75th percentiles, as well as the maxmimum and minimum values, to illustrate where the current signal falls within the broader distribution. To ensure consistency, each path is indexed to 100 in the month when the yield curve first inverts, denoted as month 0. The other signals that this will generate include indicator progression from the first 10-year minutes 3-month yield curve reversion, since the start of a recession and since the end of a recession.

Inflationary Regime Charts

These graphs compare the trajectory of claims data since the signal date e.g. first 10-year minus 3-month yield curve inversion in the current cycle with its path during previous pre-recession inversion periods. These periods are categorized into inflationary and disinflationary regimes. Each path is indexed to 100 in the month when the curve first inverts, marked as month 0, to ensure consistency across scales.

Claims By Period Following Yield Curve or Economic Regime Charts

This set of graphs display the individual trajectories of claims data for each period following a e.g. 10-year minus 3-month yield curve inversion, encompassing the present

period as well. To ensure consistency across charts, each trajectory is indexed to 100 in the month when the curve first inverts, identified as month 0.