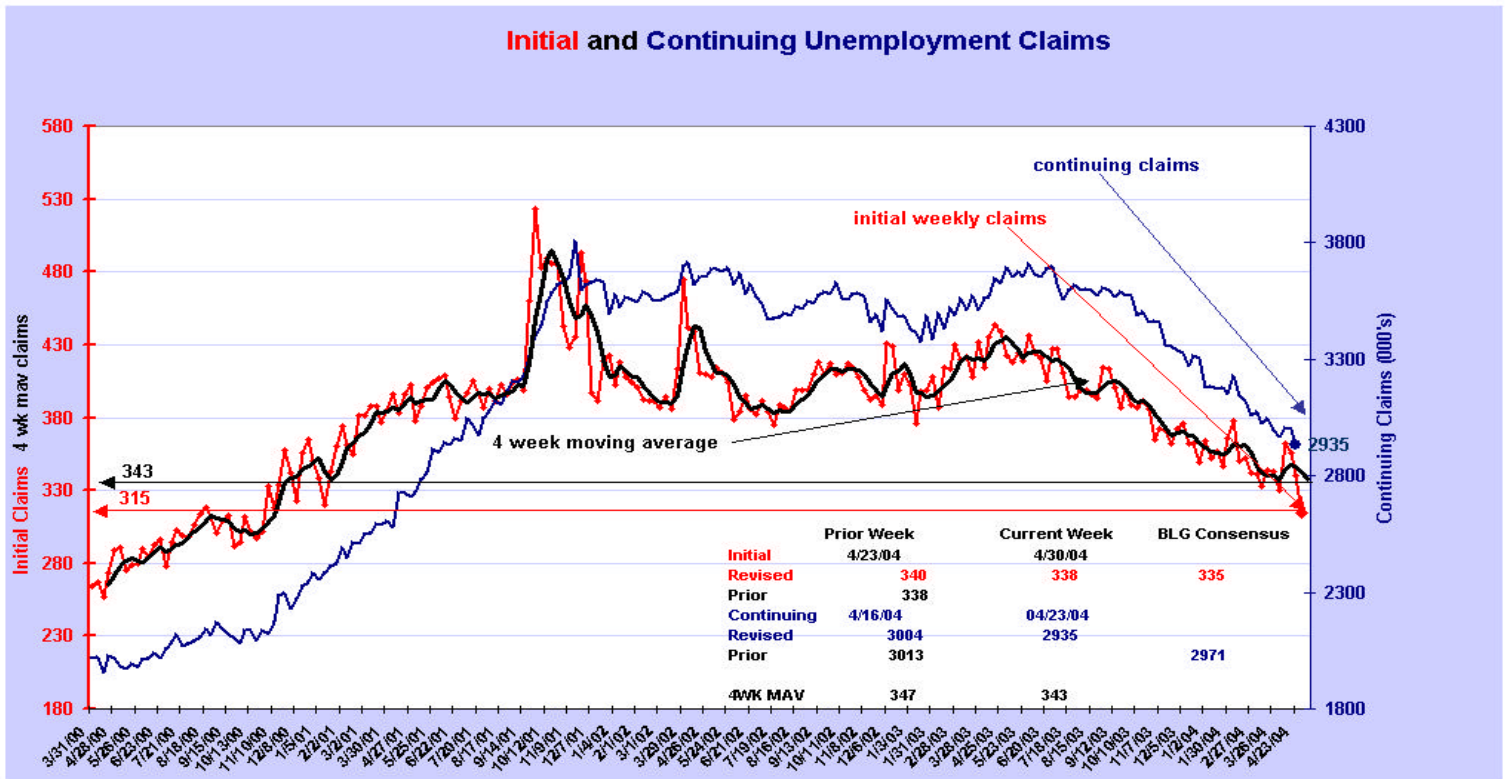




Initial Claims and Continuing Claims Suggest Improving Jobs Report

Much of the (negative) speculation in the Bond Market since the Fed's "measured" change in language on Tuesday is presaged on a blowout jobs number. Today's initial and continuing claims support that fear as initial claims fell to 338K and continuing claims were surveyed as 2,935K, harkening to the May/June 2001 period. Another data bit is the Monster.com report that shows a huge upsurge across the country.

Will it forecast a large payroll number tomorrow? The various business surveys all show 'more intentions to



hire" and jobs more plentiful. But, this is really a one-card guessing game. What counts for the Fed will be a sense of an improving labor market and a number somewhere near 200,000 would take up the averages. It would also probably confirm to the Bond Market that the Day of Reckoning is not far off, perhaps as early as June.

We think both the bond and equity markets will stay in somewhat of a directionless (if not downward) state until a clearer picture of the data points to which the Fed has said it will respond in a "measured" way are finally public data.



ECOMENTARY™

