Initial Claims as a Forecasting Tool

	Root Mean Squared Error		
	Full sample	Expansions	Recessions
January 1952–December 1989			
Forecast without claims	161.34	159.35	169.91
Forecast with claims	160.64	159.91	163.80
Difference (with claims – without claims)	−0.71	0.57	−6.11
Probability that difference is due to random chance (%)	41.28	38.60	13.17
No. of months	456	372	84
January 1990–November 2011			
Forecast without claims	119.44	115.56	140.86
Forecast with claims	115.36	111.29	137.67
Difference (with claims – without claims)	−4.08	−4.27	−3.19
Probability that difference is due to random chance (%)	0.52	1.76	32.95
No. of months	263	226	37

NOTE: Predicted values for the model with claims and the model without claims were generated from the full January 1952–December 1989 and January 1990–November 2011 samples (all months used to preserve the time-series trend). Recession or expansion months were then eliminated accordingly, once the predicted values had been generated, to calculate the RMSEs.