

Initial Jobless Claims Fell by 8,000 in early February but Continuing Claims Jumped by 30,000.

- **Initial claims for unemployment insurance fell by 8,000 to 212,000 in the week ending February 10.**
- **The four-week moving average of initial unemployment insurance claims rose modestly to 219,000.**
- **Continuing claims jumped by 30,000 to 1.895 million in the week ending February 3.**

Initial Unemployment Insurance (UI) claims decreased by 8,000 in the week ending February 10, falling to 212,000 for a second straight modest weekly decline. The four-week moving average of claims, which smooths out some of the weekly volatility in this data set, rose by 6,000 to 219,000. Overall, UI Claims remain low by historical standards. The 200,000 mark appears to be a solid floor for the Initial Claims measure, with the weekly results having bouncing upward from that level once reached throughout the second half of 2023 and again in January 2024 before moving up in February.

Continuing claims jumped by 30,000 to 1.895 million in the week ending February 3, reversing the decline in the prior week. The four-week moving average of continuing claims, which smooths out some of the weekly volatility in this data set, rose by 22,000 to 1.871 million. This rise puts Continuing Claims back up to its highest level since early-December 2023. The dichotomy between exceptionally low Initial Claims and the recent rise in Continuing Claims suggests that the U.S. labor market is slowing, and that workers who lose their jobs are having a more difficult time finding new work.

Layoffs continue to roll in across the U.S. economy as businesses look for ways to preserve profits. Although production and transportation costs are no longer rising at the pace seen during the worst of the economy's ongoing battle with inflation, wage pressures have not dissipated and are leading to job cuts as a way to save businesses' bottom lines. Layoffs ended 2023 10% higher than the comparable 2022 level – which itself was up 4% from the year prior, according to the Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS). New UI claimants in the coming months will therefore likely face a longer search for their next role as compared to those facing similar circumstances over the past two years. Although UI Claims are still at healthy levels in an historical context, the labor market is becoming better balanced between demand for and supply of workers which will help moderate upward wages pressures. This is a theme that will please the Federal Reserve and pave the way or rate cuts starting in May or June.

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