

Initial Jobless Claims Fell by 2K in Mid-March and Continuing Claims Rose by 4K in Early-March; Powell Said the Labor Market is Better Balanced Between Supply and Demand

- **Initial claims for unemployment insurance edged down by 2,000 to 210,000 in the week ending March 16. The four-week moving average rose by 3,000 to 211,000.**
- **Continuing claims rose by 4,000 to 1.807 million in the week ending March 9 and the four-week moving average rose by 5,000 to 1.802 million.**

Initial Unemployment Insurance (UI) claims edged down by 2,000 to 210,000 in the week ending March 16 from an upward revised 212,000 in the previous week (was 210,000). The four-week moving average of claims, which smooths out some of the weekly volatility in this data set, rose by 3,000 to 211,000 from an upward revised 209,000 (was 208,000). 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 and February 2024.

Continuing claims rose by 4,000 to 1.807 million in the week ending March 9 from a downward revised 1.803 million in the previous week (was 1.811 million). The four-week moving average of continuing claims, which smooths out some of the weekly volatility in this data set, rose by 5,000 to 1.802 million from downward revised 1.797 million in previous week (was 1.799 million).

While 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, especially as legal immigration has risen by over 1 million in each of the past two years. This is a theme that will please the Federal Reserve and pave the way or rate cuts starting this summer.

Indeed, yesterday Fed Chairman Powell specifically referred to higher labor force growth with a strong rise in legal immigrants, a rise in prime age (25-55 years old) participation rate and stronger worker productivity gains as positive labor supply forces that helped to slow worker compensation growth and price inflation in 2023. This is equivalent of the labor market hitting the “trifecta” (my word, not Powell’s). Powell said continuation of that favorable labor market trend of “a better balance between labor demand and supply” in 2024 would be welcome and add to the greater confidence the FOMC members need to start cutting the Fed funds rate.

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