

## Initial Unemployment Insurance Claims Rose By 18K to 241K in Week Ending April 26 and Continuing Claims Surged by 83K to 1.916 Million in the Week Ending April 19, the Highest in Three Years.

- Initial jobless claims jumped by 18,000 to 241,000 in the week ending April 26.
- The four-week moving average of initial claims rose by 5,500 to 226,000 in the week ending April 26.
- Continuing unemployment insurance claims surged by 83,000 to 1.916 million in the holiday (Good Friday) week ending April 19.
- The labor market will soften this year as the pace of job growth slows.

Initial claims for unemployment insurance jumped by 18,000 to 241,000 in the week ending April 26, the highest level since mid-October 2024. The four-week moving average of initial claims, which averages out some of the weekly volatility, moved up by 5,500 to 226,000 for the week ending April 26, the middle of a 213,000 to 238,000 range in the past seven months. The Challenger Layoff report shows 552,000 layoffs announced in the past three months combined, more than double the number in the same three months in 2024. Layoffs of Federal workers by DOGE accounts for just over half of the total this year.

Continuing unemployment insurance claims surged by 83,000 to 1.916 million in the holiday (Good Friday) week ending April 19, the highest level in over three years, suggesting it is taking unemployed workers somewhat longer to find a new job. The four-week moving average of continuing claims rose by 6,000 to 1.868 million. The insured unemployment rate edged up to 1.3 percent in the week ending April 19, slightly above the 1.2 percent rate a year ago.

There is a growing but still small impact from the Department of Government Efficiency's layoffs of Federal government employees. Initial jobless claims filed by fired civilian Federal employees were 470 in the week ending April 19, down by 187 from the previous week. There were 6,634 continuing claims filed by fired civilian Federal employees in the week ending April 12, a decrease of 391 from the previous week. This is below the 14,000 decline of Federal government employees in February and March combined according to the BLS. We expect another small decline in April but much bigger declines in May and June.

The Labor Department releases the April employment report tomorrow at 8:30 am. We expect that payroll jobs rose by close to 150,000, the unemployment rate held steady at 4.2 percent and average hourly wages rose by 0.3 percent. This would be a good jobs report with payroll job growth close to the monthly average rise in the first quarter. We expect the labor market to weaken, however, in the remainder 2025 with smaller job gains in a range of 50,000 to 100,000 per month, on average. This will raise the unemployment rate from 4.2 percent in March to near 4.7 percent later this year.

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