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## Jobless Claims Edge Higher

- Initial jobless claims rose by only 7,000 to 226,000 in the week ending August 2.
- The four-week moving average of initial claims fell by 500 to 220,750 in the week ending August 2.
- Continuing unemployment insurance claims increased by 38,000 to 1.974 million in the week ending July 26.
- The labor market is starting to soften as the pace of job growth slows which will persist for the rest of the year.

Initial claims for unemployment insurance increased by 7,000 to 226,000 in the week ending August 2. The four-week moving average of initial claims ending August 2, which smooths out some of the weekly volatility, dropped by 500 to 220,750, slipping into the lower end of a 213,000 to 246,000 range that had prevailed in the first seven months of the year. Initial claims in the week ending August 2 were moderately below the same week a year ago (234,000).

Continuing unemployment insurance claims rose to 1.974 million in the week ending July 26 from 1.936 million. The four-week moving average of continuing claims ending July 26 climbed by 5,000 to 1.952 million from 1.947 million in the previous week, fully offsetting the drop in the previous week. The level of continuing claims is close to 100,000 above the same week a year ago and the highest since late-November 2021 clearly showing that it is taking unemployed workers somewhat longer to find a new job. The insured unemployment rate held steady at 1.3% in the week ending July 26, slightly above the same week a year ago (1.2%).

There is a 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 708 in the week ending July 26, down by 14 from the previous week but up by 312 from a year ago. There were 7,831 continuing claims filed by fired civilian Federal employees in the week ending July 19, an increase of 424 from the previous week. This is well below the 66,000 decline of Federal government employees in February, March, April, May and June combined (13,200 per month on average) according to the BLS. This suggests laid-off Federal government workers are finding jobs in the private sector.

In summary, the relatively stable level of initial claims for the past seven weeks shows that employers are reluctant to lay-off workers but the high level of continuing claims in the past nine weeks shows that employers are also reluctant to hire new workers. This combination is a clear sign that the labor market

**Gus Faucher**  
Chief Economist

**Jay Hawkins**  
Senior Economist

**Stuart Hoffman**  
Senior Economic Advisor

**Kurt Rankin**  
Senior Economist

**Ershang Liang**  
Economist



started softening in the late-spring and early-summer months which we expect to persist for the balance of this year.

**PNC Economics**

**Jay Hawkins, Senior Economist**

[economics@pnc.com](mailto:economics@pnc.com)

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