Initial Claims Fall in the Christmas Holiday Week Which Understates the Still Low Underlying Trend

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Headlines

- **Initial unemployment claims in the Christmas week ending December 27 fell by 16,000 to 199,000. Initial claims usually are understated during holiday weeks.**
- **Continuing claims dropped by 47,000 to 1.866 million in the week ending on December 20, partially reversing the huge increases in the previous two weeks.**
- **Firing has not risen much this year, but hiring has clearly slowed in the "low fire but low hire" jobs market.**

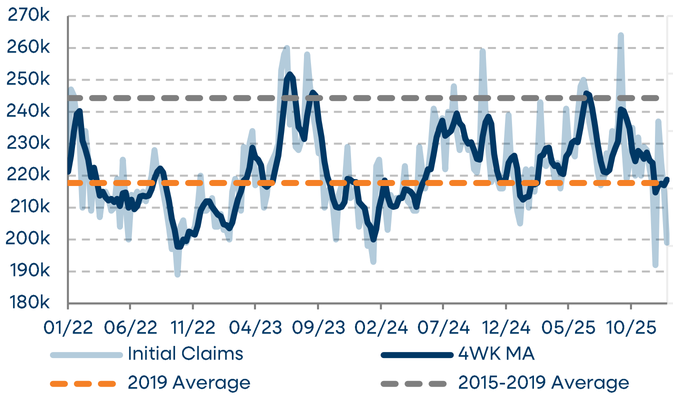
Details

Initial claims filed for unemployment insurance in the Christmas holiday week ending December 27 fell by 16,000 to 199,000, the lowest level since the Thanksgiving holiday week. Initial weeks are difficult to seasonally adjust in holiday weeks and another decline in the New Year's holiday week is likely as well. The December 27 level of initial claims is 10,000 below the same holiday week a year ago. The four-week moving average of initial claims, which smooths-out holiday week and other temporary factors, in the week ending December 27 edged up to 219,000 which is only 3,000 below the level in the same four weeks a year ago. Employers have been reluctant to lay off workers but also reluctant to hire workers in the "low fire but low hire" job market.

Continuing claims in week ending December 20 fell by 47,000 to 1.866 million from the previous week's 1.913 million (revised down slightly from 1.923 million). This is 38,000 above the same week a year ago. The four-week moving average of continuing claims in the week ending December 20 fell by 18,000 to 1.874 million, but this understates the underlying level of continuing claims. This is 12,000 above the same four weeks in 2024. The insured unemployment rate held steady at 1.2 percent in the week ending December 20.

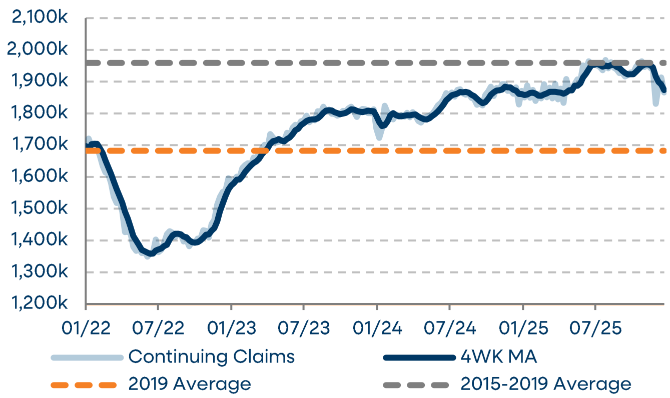
Overall, initial claims point to low layoffs in the U.S. economy in the autumn months. Initial claims are up somewhat from the early months of 2025 but are lower than they were in the middle of this year. They remain low on a historical basis and consistent with a softening but not declining labor market. Layoffs remain low, but hiring has slowed, and it is more difficult to find a job now than it was during the first few years of recovery from the pandemic through early 2025.

Figure 1: Initial Claims for Unemployment Insurance Benefits (SA)



Source: Department of Labor

Figure 2: Continuing claims for Unemployment Insurance Benefits (SA)



Source: Department of Labor

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