

## Initial Jobless Claims Fell to 218K to Open February, Continuing Claims Forming a New, Higher Plateau

- **Initial claims for unemployment insurance declined by 9,000 to 218,000 in the week ending February 3**
- **The four-week moving average of initial unemployment insurance claims rose to 212,250**
- **Continuing claims declined to 2.137 million (not seasonally adjusted) in the week ending January 27**

Initial Unemployment Insurance (UI) claims decreased by 9,000 in the week ending February 3, falling to 218,000. The four-week moving average of claims, which smooths out some of the weekly volatility in this data set, came in at 212,250 (versus a revised 208,500 in the week prior). UI Claims have now eased from a peak reached in the first week of January, when removing seasonal adjustment influences, as the U.S. economy resets for a new growth paradigm in 2024.

Continuing claims fell by just over 44,000 to 2.137 million in the week ending January 27. Continuing Claims are up markedly since November 2023, having risen from the 1.5 to 2.0 million levels enjoyed throughout the past two years. But this number looks like it has reached a plateau. 700K more Continuing Claims than the lows reached early in the fourth quarter of last year equates to about 0.4% of the U.S. labor force. And while the unemployment rate has not begun to rise in response to this influence yet, the absorption of this higher level of unemployed workers should slow in the coming months as consumer demand softens. In turn, increased availability of workers will provide a bit of pressure release valve for the nation's still-tight labor market.

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's theme of exceeding "full employment" by the Federal Reserve's reckoning is coming to a close.

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