Economic Update

April 11, 2024

Initial Jobless Claims Fell by 11K in Early-April but Continuing Claims Rose by 28K in Late-March; Powell Said the Labor Market is Better Balanced Between Supply and Demand

- **Initial claims for unemployment insurance fell by 11,000 to 211,000 in the week ending April 6. The four-week moving average was unchanged at 214,000.**

- **Continuing claims rose by 28,000 to 1.817 million in the week ending March 30 and the four-week moving average rose by 4,000 to 1.803 million.**

Initial Unemployment Insurance (UI) claims fell by11,000 to 211,000 in the week ending April 6 from an unrevised 222,000 in the previous week. The four-week moving average of claims, which smooths out some of the weekly volatility in this data set, remained at an unrevised 214,000. UI Claims remain low by historical standards and the labor market remains strong. 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 the first quarter of 2024.

Continuing claims rose by 28,000 to 1.817 million in the week ending March 30 from an unrevised 1.789 million in the previous week. The four-week moving average of continuing claims, which smooths out some of the weekly volatility in this data set, edged up by 4,000 to 1.803 million from an unrevised 1.799 million in previous week.

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.

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Indeed, 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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