

## Initial Jobless Claims Fell by 8K in the Week Ending May 18 After a 9K Decline in the Previous Week, Reversing Almost All of the Rise in Early-May. The labor Market Remains Strong.

- **Initial claims for unemployment insurance fell by 8,000 to 215,000 in the week ending May 18 after falling by 9,000 in the previous week. These two weeks combined reversed almost all of the big rise in the week ending May 4. The four-week moving rose by 2,000 to 220,000 in the week ending May 18.**
- **Continuing claims rose by 8,000 to 1.794 million in the week ending May 11 and the four-week moving average rose by 5,000 to 1.782 million.**

Initial Unemployment Insurance (UI) claims fell by 8,000 to 215,000 in the week ending May 18, following a 9,000 decline in the previous week. Together, these two weeks reversed almost all of the 23,000 rise in the first week of May. The four-week moving average of claims, which smooths out some of the weekly volatility in this data rose by 2,000 to 220,000, the highest since mid-September 2023. UI Claims have remained unusually steady and low by historical standards signally that the labor market remains strong, so this nearly complete reversal suggests the jump in claims in early-May was more noise than signal. The 200,000 mark appears to be a floor and the 220,000 mark appears to be a ceiling for the Initial Claims measure, with the weekly results having bounced around in that narrow range in the second half of 2023 and again in the first five months of 2024.

Continuing claims rose by 8,000 to 1.794 million in the week ending May 11 from a downward revised 1.786 million in the previous week (was 1.794 million). The four-week moving average of continuing claims, which smooths out some of the weekly volatility in this data set, edged up by 5,000 to 1.782 million from a downward revised 1.777 million in previous week (was 1.779 million). This low level of continuing claims is further evidence that the mostly reversed big jump in initial claims in early-May was not the start of a persistent rise in laid-off workers.

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 Chair Powell discussed at his post May 1 FOMC meeting press conference. The 0.2% rise in April average hourly earnings pulling the year-over-year rise down to 3.9% is important evidence of moderation in wage gains but still outpacing inflation in the past year. PNC thinks this will pave the way for 25 basis points rate cuts in both September and December 2024 with additional cuts in the first half of 2025.

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