

## Unemployment Insurance Claims Rise Modestly, U.S. Labor Market Cooling but Still Solid

- Initial unemployment insurance claims fell by 2,000 to 230,000 for the week ending September 7. The four-week moving average of claims went up slightly.
- The insured unemployment rate for the week ending August 31 was unchanged from last week and a year earlier at 1.2%.
- Continuing claims increased by 5,000 to 1.850 million and are somewhat higher than a year ago, suggesting it is taking longer for unemployed workers to find a new job.
- PNC expects the U.S. labor market to cool over the balance of this year and into next year with average monthly job gains of 150,000 for the remainder of the year before downshifting to around 100,000 in the first half of 2025.

First-time jobless claims increased to 230,000 for the week ending September 7. This is up from a revised 228,000 in the previous week and up from 227,000 from a year ago. The four-week moving average, which irons out volatility in the weekly data, rose to 230,750, a modest increase of 500 from the prior week. The four-week moving average is down slightly from a year ago when it was 232,500, suggesting that the U.S. labor market, while not as tight as it was last year, is still strong. The insured unemployment rate was unchanged at 1.2% for the week ending August 31 and on par with the rate in the same week one year earlier.

Continuing claims for unemployment insurance increased by 5,000 to 1.850 million for the week ending August 31. Continuing claims are modestly higher compared to a year earlier (1.810 million). More encouragingly, the four-week moving average fell by 2,250 to 1.852 million but is somewhat higher than last year's level of 1.807 million. It is clearly taking unemployed workers longer to find a new job. This is reinforced by the number of job openings, which at 7.7 million in July, are down sharply from 8.7 million in January. Moreover, job growth has slowed appreciably from the first quarter of 2024 when average monthly gains were a robust 267,000.

The labor market is cooling – as the Fed intended when it started tightening monetary policy – but is still solid. Job growth has slowed notably, and the unemployment rate is a bit higher than it was early last year when it reached 3.4% for a couple of months. PNC expects a further cooling in the labor market through the rest of 2024 as elevated interest rates continue to weigh on economic growth. Indeed, PNC is projecting job growth to slow to around 150,000 per month for the balance of this year and shift down to around 100,000 per month in the first half of 2025. Consequently, the jobless rate will increase moderately over the next year to around 4.5% – a still historically low rate.

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