

Initial Claims Plunged in Late-December, More Than Reversing the Rise in the Three Previous Weeks. The Job Market was Solid as 2024 Came to an End.

- Initial unemployment claims fell by 9,000 to 211,000 in the Christmas holiday week ending December 28, more than reversing the rise in the previous three weeks.
- Continuing claims plunged by 52,000 to 1.844 million in the week ending December 21.
- Layoffs are low, but businesses hired fewer workers in 2024 than in the previous two years.
- The labor market remained solid as 2024 ended.

Initial claims for unemployment insurance claims fell by 9,000 to 211,000 in the Christmas holiday week ending December 28, more than reversing the 27,000 rise in the previous three weeks. This is the lowest level for initial claims since early March 2024, but holiday weeks can understate initial claims. The four-week moving average of claims, which smooths out some of the volatility, fell by 3,500 to 223,250 in the week ending December 28 which was the lowest in the past month. Both of these levels are slightly above this time last year. Claims jumped to a peak of 260,000 in early October 2024 with Hurricanes Helene and Milton but have fallen since then. Although claims are up from just above 200,000 in early 2024, they remain historically low, indicating low layoffs.

Continuing unemployment insurance claims plunged by 52,000 to 1.844 million in the week ending December 21. The four-week moving average of claims ending December 21 fell by 7,000 to 1.871 million, the lowest level since mid-October. Both of these levels are well above this time last year. Continuing claims bottomed out at around 1.35 million in mid-2022 and have gradually moved higher over the past two and a half years. With hiring slowing but the job market still in good shape, it is taking unemployed workers longer to find a new job.

The labor market was solid as 2024 came to an end. Historically low initial claims are consistent with few layoffs in the economy. Businesses hired few employees in 2024 than they did in 2023 and 2022, leading to the persistent increase in continuing claims in 2024. But the economy is still creating roughly enough jobs to keep up with labor force growth and the unemployment rate was historically low at 4.2% in November 2024.

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