

Initial Unemployment Insurance Claims Rose Modestly; Labor Market Still Solid

- Initial jobless claims rose by 5,000 to 219,000 in the week ending February 14, close to PNC's forecast.
- The four-week moving average fell by 1,000 to 215,250 in the week ending February 14 and is slightly lower compared to a year ago.
- Continuing unemployment insurance claims increased by 24,000 to 1.869 million in the week ending February 7, 2025.
- The labor market should remain solid this year although the pace of job growth will slow.

First-time claims for unemployment insurance claims rose by 5,000 to 219,000 in the week ending February 14, 2025, nearly erasing the previous weeks' decline of 6,000. This was close to PNC's forecast of 215,000. There was no discernible impact from the Department of Government Efficiency's layoffs of government employees with initial jobless claims in DC nearly unchanged from the previous week. Despite the modest increase, first-time claims remain historically low, pointing to a solid labor market. The four-week moving average, which irons out some of the weekly volatility, fell by 1,000 to 215,250 in the week ending February 14, 2025. This is down slightly from 217,250 one year ago.

Continuing unemployment insurance claims increased by 24,000 to 1.869 million in the week ending February 7, 2025. The four-week moving average of continuing claims fell by 7,750 to 1.863 million. Both levels, however, are well above the same period last year, suggesting it is taking unemployed workers somewhat longer to find a new job. The insured unemployment rate was 1.2% in the week ending February 7, unchanged from last week and on par with the rate one year ago.

The labor market should remain solid in 2025, although with smaller job gains relative to last year's average monthly gain of 166,000 and an unemployment rate edging slightly higher from the current 4.0%. One downside risk to job growth is the potential for immigration restrictions from President Trump's recent Executive Orders, which could decrease the supply of available workers.

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