

## Initial Unemployment Insurance Fell to 221K in Week Ending March 1, Reversing the Previous Week's Rise.

- Initial jobless claims fell by 21,000 to 221,000 in the week ending March 1, reversing the previous week's rise.
- The four-week moving average of initial claims was unchanged at 224,000 for the week ending March 1.
- Continuing unemployment insurance claims jumped by 42,000 to 1.897 million in the week ending February 22.
- The labor market should remain solid this year although the pace of job growth will slow.

Initial claims for unemployment insurance fell by 21,000 to 221,000 in the week ending March 1, 2025, reversing the previous week's rise. There was no discernible impact from the Department of Government Efficiency's layoffs of Federal government employees with initial jobless claims (not seasonally adjusted) in D.C., Virginia and Maryland little changed from the previous week. The four-week moving average of initial claims, which irons out some of the weekly volatility, remained at 224,000 for the week ending March 1, 2025. This is up only slightly from 209,000 one year ago. First-time claims remain historically low, pointing to a solid labor market.

Continuing unemployment insurance claims jumped by 42,000 to 1.897 million in the week ending February 22, 2025. The four-week moving average of continuing claims edged up by 3,000 to 1.866 million. Both levels 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 held steady at 1.2% in the week ending February 22 and equal to the rate one year ago.

Tomorrow morning the Labor Department will release the February employment report. We expect February payroll jobs rose by close to 160K and the unemployment rate held steady at 4%. We expect that average hourly wage rose by 0.2% keeping the Y/Y rise at 4.1%. The length of the workweek should rise to 34.2 hours contributing to a 0.3% rise (not annualized) in total hours worked. This would more than reverse the 0.2% decline in January partly due to unusually cold/snowy weather. In addition, we expect February retail sales and total consumer spending, manufacturing output, and construction activity to all rebound in February, somewhat allaying fears of a decline in real GDP this quarter.

The labor market should remain solid in 2025, although with smaller job gains relative to last year's average monthly gain of 166,000 (2.0 million new jobs in 2024) and an unemployment rate edging slightly higher from the current 4.0%. Two downside risks to job growth are: 1) the imposition of tariffs on Mexico, Canada, China

and possibly the EU countries and their retaliations, and 2) the potential for immigration restrictions and deportations from President Trump's Executive Orders to decrease the supply of available workers.

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