

Initial Jobless Claims Held Steady at 248K in the Week Ending 6/7. Continuing Claims Jumped to 1.956 million in the Week Ending 5/31, the Third Straight Week Above 1.9 Million. The Labor Market is Softening.

- Initial jobless claims held steady at 248,000 in the week ending June 7.
- The four-week moving average of initial claims rose by 5,000 to 240,000 in the week ending June 7.
- Continuing unemployment insurance claims jumped by 54,000 to 1.956 million in the week ending May 31.
- The labor market is starting to soften as the pace of job growth slows which will persist for the rest of the year.

Initial claims for unemployment insurance held steady at 248,000 in the week ending June 7, the highest level since early-October 2024. The four-week moving average of initial claims ending June 7, which smooths out some of the weekly volatility, rose by 5,000 to 240,000, a break out above the top of a 213,000 to 238,000 range in the past eight months.

Continuing unemployment insurance claims jumped by 54,000 to 1.956 million in the week ending May 31, the third straight week above 1.9 million. The four-week moving average of continuing claims ending May 31 rose by 20,000 to 1.914 million, the highest level since late-November 2021 clearly showing that it is taking unemployed workers somewhat longer to find a new job. The insured unemployment rate edged up to 1.3 percent in the week ending May 31, slightly above the same week a year ago.

There is a growing but still small impact from the Department of Government Efficiency's layoffs of Federal government employees. Initial jobless claims filed by fired civilian Federal employees were 561 in the week ending May 31, up by 23 from the previous week. There were 6,315 continuing claims filed by fired civilian Federal employees in the week ending May 24, a decrease of 404 from the previous week. This is well below the 59,000 decline of Federal government employees in February, March, April and May combined (15,000 per month on average) according to the BLS. This suggests laid-off Federal government workers are finding jobs in the private sector.

In summary, the higher level of initial claims and the large rise in continuing claims in the past three weeks, both well above their year ago levels, are clear signs that the labor market is softening in late spring which we expect to persist for the rest of this year.

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