

## **Initial Jobless Claims Dropped to 236K in the Week Ending 6/21 but Continuing Claims Jumped to 1.974 million in the Week Ending 6/14, the Fifth Straight Week Above 1.9 Million. The Labor Market is Softening.**

- Initial jobless claims declined by 10,000 to 236,000 in the week ending June 21.
- The four-week moving average of initial claims dipped by 1,000 to 245,000 in the week ending June 21.
- Continuing unemployment insurance claims jumped by 37,000 to 1.974 million in the week ending June 14.
- 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 fell by 10,000 to 236,000 in the week ending June 21. The four-week moving average of initial claims ending June 21, which smooths out some of the weekly volatility, dipped by 1,000 to 245,000, the second straight reading above the top of a 213,000 to 240,000 range that had prevailed for the previous eight months. Initial claims are close to 10,000 above the same week a year ago.

Continuing unemployment insurance claims jumped by 37,000 to 1.974 million in the week ending June 14, the fifth straight week above 1.9 million. The four-week moving average of continuing claims ending June 14 rose by 17,000 to 1.941 million. These levels are close to 130,000 above the same week a year ago and the highest levels since late-November 2021 clearly showing that it is taking unemployed workers somewhat longer to find a new job. The insured unemployment rate held steady at 1.3 percent in the week ending June 14, slightly above the same week a year ago. June 14 is the reference week for the June employment survey (released on July 3) which signals a smaller gain in June payroll jobs than the 135,000 average rise in three months ending in May.

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 480 in the week ending June 14, down by 55 from the previous week. There were 6,737 continuing claims filed by fired civilian Federal employees in the week ending June 7, a decrease of 337 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 four weeks, both well above their year ago levels, are clear signs that the labor market started softening in late-spring which we expect to persist for the rest of this year.

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