



July 10, 2025

Initial Jobless Claims Dropped to 227K in the Holiday Week Ending 7/5 and Continuing Claims Rose by 10K to 1.965 million in the Week Ending 6/28. The Labor Market is Softening.

- Initial jobless claims declined by 5,000 to 227,000 in the holiday week ending July 5.
- The four-week moving average of initial claims dropped by 6,000 to 235,500 in the holiday week ending July 5.
- Continuing unemployment insurance claims rose by 10,000 to 1.965 million in the week ending June 28.
- 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 5,000 to 227,000 in the holiday week ending July 5. The four-week moving average of initial claims ending July 5, which smooths out some of the weekly volatility, dropped by 6,000 to 235,500, back down into a 213,000 to 240,000 range that had prevailed for the previous eight months, after rising above the top of that range in the previous three weeks. Initial and continuing claims in the week ending July 5 were only slightly above the same holiday week a year ago.

Continuing unemployment insurance claims rose by 10,000 to 1.965 million in the week ending June 28, the seventh straight week above 1.9 million. The four-week moving average of continuing claims ending June 28 rose by 3,500 to 1.955 million. These levels are close to 110,000 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 28, slightly above the same week a year ago.

There is a 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 438 in the week ending June 28, down by 15 from the previous week. There were 6,949 continuing claims filed by fired civilian Federal employees in the week ending June 21, a decrease of 154 from the previous week. This is well below the 66,000 decline of Federal government employees in February, March, April, May and June combined (13,000 per month on average) according to the BLS. This suggests laid-off Federal government workers are finding jobs in the private sector.

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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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