



Initial jobless claims fell by 5k to 229k in the week ending 8/23 and continuing claims fell by 7k to 1.954 million in the week ending 8/16. The labor market is clearly softening.

Headlines

- **Initial jobless claims fell by 5,000 to 229,000 in the week ending August 23, in line with expectations.** The four-week moving average of initial claims edged up by 2,500 to 228,500.
- **Continuing unemployment insurance claims fell by 7,000 to 1.954 million in the week ending August 16.** This is the just below highest level of continuing claims since late 2021 when the economy was still recovering from the pandemic.
- **The labor market has softened as the pace of job growth slowed in the past three months which will persist for the rest of the year.**

Details

Initial claims for unemployment insurance fell by 5,000 to 229,000 in the week ending August 23, very close to market expectations. The four-week moving average of initial claims ending August 23, which smooths out some of the weekly volatility, edged up by 2,500 to 228,500, moving up into the upper half of a 213,000 to 240,000 range that has prevailed during the past year, after temporarily rising above the top of that range in June. Initial and continuing claims were slightly below the same week a year ago.

Continuing unemployment insurance claims fell by 7,000 to 1.954 million in the week ending August 16 from a downward revised 1.961 million in the previous week (was 1.972 million). The four-week moving average of continuing claims ending August 16 rose by 4,500 to 1.956 million, the highest level since late-2021. These levels are close to 95,000 above the same week a year ago, 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 August 16, slightly above the rate for same week from 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 581 in the week ending August 16, down by 54 from the previous week. There were 8,453 continuing



claims filed by fired civilian Federal employees in the week ending August 9, an increase of 216 from the previous week. This is well below the 84,000 decline of Federal government employees in February through July combined (14,000 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 relatively low levels of initial claims below 240,000 for the past ten weeks shows that employers are reluctant to lay-off workers, but the high levels of continuing claims above 1.935 million for the past twelve weeks shows that employers are also reluctant to hire new workers. This combination is a clear sign that the labor market was softer in the late-spring and summer months, which we expect to persist for the rest of this year.

Figure 1: Initial Unemployment Insurance Claims (SA)

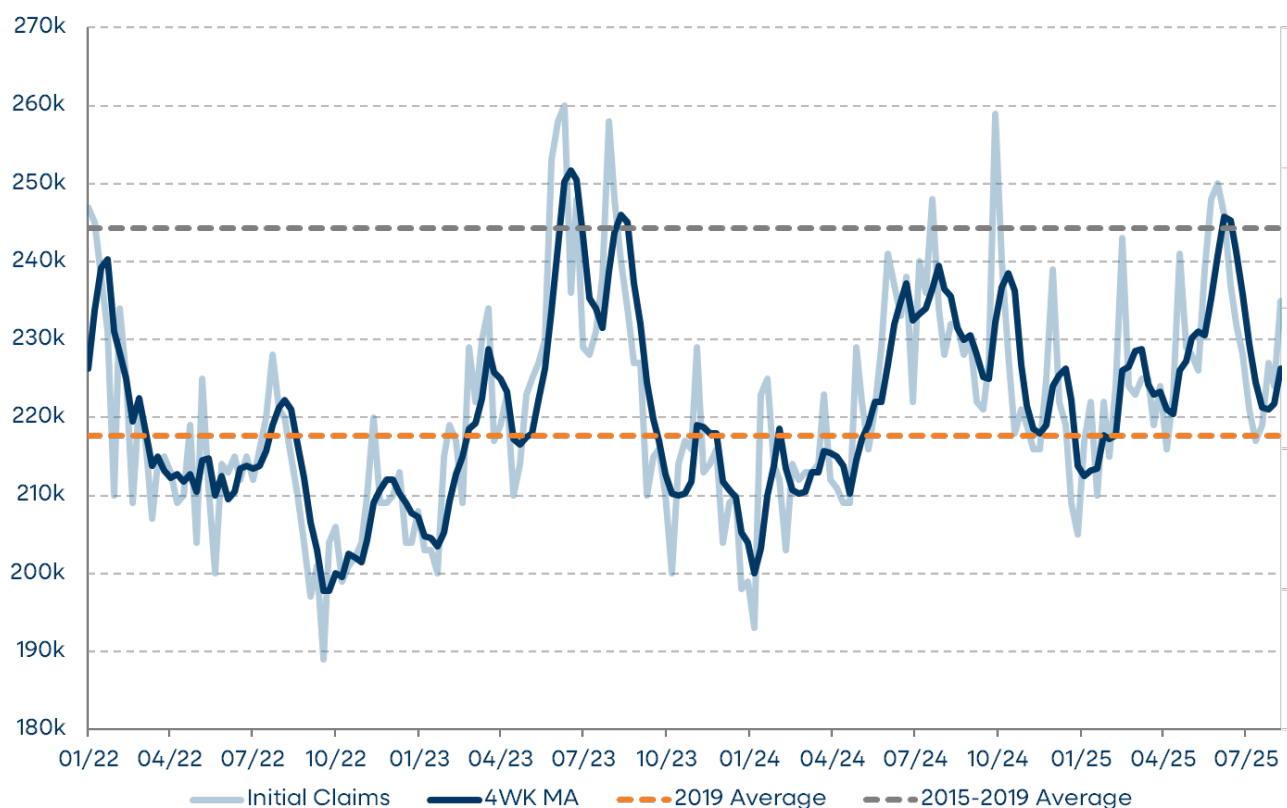
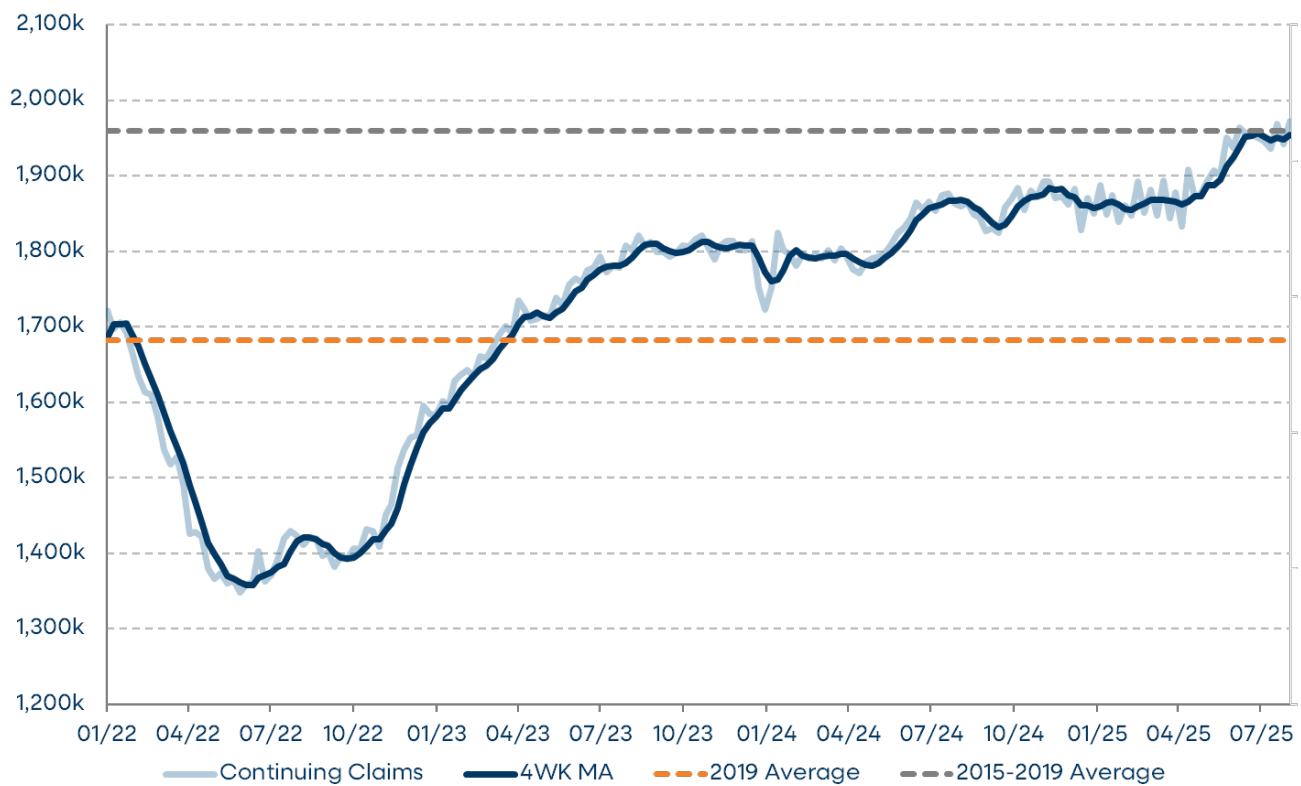




Figure 2: Continuing Claims for Unemployment Insurance Benefits (SA)



Please reach out with any questions.

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