

## Initial Jobless Claims Increased by 13,000 through November 11, Continuing Claims Marches Higher

- **Initial claims for unemployment insurance rose by 13,000 to 231,000 in the week ending November 11**
- **The four-week moving average of initial unemployment insurance claims was practically unchanged from the previous week at 220,250**
- **Continuing claims were up by nearly 34,000 to 1.633 million in the week ending October 28**

Initial Unemployment Insurance (UI) claims increased by 13,000 in the week ending November 11, rising to 231,000. The four-week moving average of claims, which smooths out some of the weekly volatility in this data set, was 220,250 (versus a revised 212,500 in the week prior). Overall, UI Claims remain low by historical standards. But unlike much of the past two years, there is little economic spark to offset a burgeoning upward trend this time around.

Continuing claims increased by 32,000 to 1.865 million in the week ending November 4. This compares with a tally of ongoing claims of 1.833 million (revised) for the week ending October 28. Increases have been consistent for the Continuing Claims count as well – with this report representing an eighth consecutive weekly rise. The 1.289 million Continuing Claims trough in September 2022 was never sustainable, but the data are now bordering on what appeared to be a reasonable equilibrium level in early 2018, but are rising rather than steadying and are doing so in the midst of myriad contractionary pressures on the U.S. economy.

Payroll job growth has slowed throughout 2023, albeit remaining positive. The U.S. economy's addition of 150,000 jobs in October 2023 represents a monthly percent gain of only around 1.2% at an annualized pace. October's was the third annualized monthly gain below 1.5% since June, placing the U.S. labor market squarely in line with the pace of job growth last seen in late 2019. There is little prospect for re-energized labor demand on the near-term horizon as interest rates are set to remain "higher for longer." Fading consumer demand entering 2024 should thus place upward pressure on jobless claims going forward as those enduring layoffs and new job seekers find opportunities less readily available.

UI Claims in states in the Northeast region of the U.S. are demonstrating accumulating signs of weakness. Overall labor force size in the Northeast is still below February 2020 levels. Increases in initial UI claims in states such as New York (+2,787), Massachusetts (+2,961) and New Jersey (+915) according to the Advance State Claims report for November 11 combine with that lack of workforce recovery to suggest more broadly weakening economic conditions. With dominant industries such as Financial Services and other Professional & Business Services categories feeling the effects of contractionary monetary policy, UI Claims in the Northeast region of the U.S. look like the symptoms of Patient Zero of what PNC still expects to be a mild recession for the U.S. economy by mid-2024.

By way of contrast, Florida (+13), Georgia (-1,221) and South Carolina (-155) are still consistently posting flat to declining new jobless claims despite markedly more robust labor force conditions (+4% versus pre-pandemic levels). And the Midwest region is at least relatively stable, with large state economies such as those in Michigan (-283), Ohio (+424) and Pennsylvania (-737) seeing minimal trending in Initial UI Claims. Although a broad consumer spending slowdown would ultimately be the cause of recession in the U.S. economy, which would not leave these currently more stable regional economies untouched, the timing and breadth of their UI Claims increases and resulting income losses could prove to be delayed versus a potential epicenter of declines in the Northeast.

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