

## Unemployment Insurance Claims Rise Modestly but Labor Market Continues to Gradually Cool

- First-time jobless claims fell by 4,000 to 218,000 for the week ending September 21.
- The four-week moving average is down from a week earlier but is up from the same week last year, suggesting the labor market is softening.
- The insured unemployment was 1.2% for the week ending September 14, on par with last week and unchanged from a year ago.
- PNC expects job growth to slow for the balance of 2024 and through the first half of next year and the unemployment rate to rise modestly.

Initial jobless claims fell to 218,000 for the week ending September 21. This is down from an upwardly revised 222,000 in the previous week but up marginally from 213,000 a year ago. There are still no signs that employers are shedding workers. The four-week moving average slipped to 224,750 – a modest drop of 3,500 from the previous week – but increased from 219,500 a year earlier, implying that the U.S. labor market is gradually softening. The insured unemployment rate was 1.2% for the week ending September 14, unchanged from last week and the same week one year ago.

Continuing claims for unemployment insurance rose by 13,000 to 1.834 million for the week ending September 14. However, continuing claims are up from 1.795 million in the same week last year. Meanwhile, the four-week moving average declined by 6,500 to 1.835 million but is up from 1.800 million in the same week last year, suggesting it is taking unemployed workers longer to find a new job. This is reinforced by the sharp slowdown in job growth this year with average monthly gains of 184,000 compared to 251,000 in 2023.

The labor market continues to cool amid a backdrop of still-restrictive monetary policy. Job gains has slowed markedly, and the unemployment rate has risen by 80 basis points from 3.4% in April 2023. PNC expects a further softening in the labor market as economic growth moderates, with average job gains of around 150,000 a month for the remainder of 2024 and about 100,000 per month in the first half of 2025. As a result, the unemployment rate will rise modestly from 4.2% to around 4.5%.

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