

Initial and Continuing Unemployment Insurance Claims Jumped Sharply Partly Reflecting Hurricane Helene

- First-time jobless claims jumped by 33,000 to 258,000 in the week ending October 5. Hurricane Helene likely pushed up claims.
- The insured unemployment was 1.2% for the week ending September 28, on par with last week and unchanged from a year ago.
- PNC expects job growth to continue slowing in the final quarter of 2024 and throughout the first half of next year. The unemployment rate will rise modestly.

Initial jobless claims jumped to 258,000 for the week ending October 5, the highest in over three years. This is up by 33,000 from an upward revised 225,000 in the previous week and well above 211,000 in the same week a year ago. Hurricane Helene likely accounted for part of this rise as initial claims in North Carolina and Florida combined rose by 12,000. Hurricane Milton will likely cause another significant rise in initial claims during the next several weeks. Boeing furloughs of “white collar” workers during the strike of 30,000+ “blue collar” workers (who are not eligible for unemployment benefits) could also temporarily lift initial claims until the strike is settled.

The four-week moving average of initial claims ending October 5 rose by 7,000 to 231,000 which is higher than 212,500 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 28, unchanged from last week and the same week one year earlier.

Continuing claims for unemployment insurance surged by 42,000 to 1.861 million for the week ending September 28 and are up from 1.800 million in the same week last year. The four-week moving average rose by 4,500 to 1.832 million and is up from 1.794 million in the same week last year, suggesting it is taking unemployed workers longer to find a new job.

The labor market continues to cool amid a backdrop of still-restrictive monetary policy. Job gains have slowed and the unemployment rate has risen by 70 basis points from 3.4% in April 2023 to 4.1% in September 2024. PNC expects a further softening in the labor market as economic growth moderates, with average job gains of around 150,000 a month in the final quarter 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% by mid-year 2025.

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