

Initial Claims Fell to 201K in the New Year Week; The Job Market Ended 2024 in a Strong Position.

- **Initial unemployment claims fell by 10,000 to 201,000 in the New Year holiday week ending January 4, 2025, the lowest level since early January 2024.**
- **Continuing claims rose by 33,000 to 1.867 million in the Christmas week ending December 28.**
- **Layoffs are low, but businesses hired fewer workers in 2024 than in the previous two years.**
- **The labor market remained solid as 2024 ended.**

Initial claims for unemployment insurance claims fell by 10,000 to 201,000 in the New Year holiday week ending January 4, 2025. This is the lowest level for initial claims since January 6, 2024, but holiday weeks can understate initial claims. The four-week moving average of claims, which smooths out some of the volatility, fell by 10,000 to 213,000 in the week ending January 4, 2025 which was the lowest since late-March 2024. Claims jumped to a peak of 260,000 in early October 2024 with Hurricanes Helene and Milton but have fallen since then. Although claims are up from just above 200,000 in early 2024, they remain historically low, indicating low layoffs.

Continuing unemployment insurance claims jumped by 33,000 to 1.867 million in the Christmas holiday week ending December 28. The four-week moving average of claims, which smooths out some of the volatility, ending December 28 fell by 3,000 to 1.866 million, the lowest level since mid-October. Both of these levels, however, are well above this same time the previous year. Continuing claims bottomed out at around 1.35 million in mid-2022 and have gradually moved higher over the past two and a half years. With hiring slowing but the job market still in good shape, it is taking unemployed workers longer to find a new job.

ADP reported that private sector jobs rose by 122,000 in December, down modestly from November. This Friday (1/10) the BLS reports the closely watched employment report for December. PNC expects that December total payroll jobs rose by close to 160,000 with private sector jobs rising by 130,000, close to the ADP report, and government jobs up by 30,000. The December unemployment rate is expected to remain at 4.2% with similar increases in both the household measure of jobs and the labor force. Average hourly earnings is expected to rise by 0.3% in December and is up 3.9% from a year ago. This rise in 2024 is well above the estimate rise in consumer prices of 2.5% in 2024.

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The labor market was solid as 2024 came to an end. Historically low initial claims are consistent with few layoffs in the economy. Businesses hired few employees in 2024 than they did in 2023 and 2022, leading to the persistent increase in continuing claims in 2024. But the economy is still creating roughly enough jobs to keep up with labor force growth and the unemployment rate was likely historically low at 4.2% in December 2024.

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