

## Initial Jobless Claims Rose Modestly but U.S. Labor Market Remains Solid

- Initial jobless claims increased by 11,000 to 219,000 in the week ending February 1. This was slightly above PNC's forecast of 215,000.
- Continuing unemployment insurance claims rose by 36,000 to 1.89 million in the week ending January 25, suggesting it is taking unemployed workers longer to find a new job.
- The labor market should remain solid this year, although job gains are expected to slow from the average monthly gain of 186,000 in 2024.
- PNC is expecting nonfarm payrolls to rise by 170,000 in January and the unemployment rate to remain unchanged at 4.1% when the Bureau of Labor Statistics jobs report is released tomorrow.

Initial claims for unemployment insurance claims rose by 11,000 to 219,000 in the week ending February 1, 2025, nearly erasing the previous weeks' decline of 15,000. This was close to PNC's forecast of 215,000. Nevertheless, first-time claims remain historically low, pointing to a solid labor market. The four-week moving average, which irons out some of the weekly volatility, increased by 4,000 to 216,750 in the week ending February 1, 2025, the highest level since late-December 2024 but still historically low.

Continuing unemployment insurance claims increased by 36,000 to 1.890 million in the week ending January 25, 2025. The four-week moving average of continuing claims rose by 3,250 to 1.874 million. Both levels, however, are well above the same period last year. Despite the modest increases, the labor market is still in good shape although it is taking unemployed workers somewhat longer to find a new job.

The labor market should remain solid in 2025, albeit with smaller job gains relative to last year and an unemployment rate edging higher to near 4.5%. One downside risk to job growth is the potential for immigration restrictions from President Trump's recent Executive Orders, which could reduce the number of available workers. PNC is expecting nonfarm payrolls to increase by 170,000 in January and the unemployment rate to remain unchanged at 4.1% when the Bureau of Labor Statistics jobs report is released tomorrow.

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