

Initial Unemployment Insurance Claims Edged Down to 219K in Week Ending March 29 But Continuing Claims Surged by 56K to 1.903 Million in the Week Ending March 22.

- Initial jobless claims fell by 6,000 to 219,000 in the week ending March 29.
- The four-week moving average of initial claims moved down by 1,000 to 223,000 in the week ending March 29.
- Continuing unemployment insurance claims surged by 56,000 to 1.903 million in the week ending March 22.
- The labor market should soften this year as the pace of job growth slows.

Initial claims for unemployment insurance declined by 6,000 to 219,000 in the week ending March 29, remaining near the lower end of a 214K to 242K range in the past six months. The four-week moving average of initial claims, which irons out some of the weekly volatility, edged down by 1,000 to 223,000 for the week ending March 29. This is up from 216,000 one year ago.

There is a growing impact from the Department of Government Efficiency's layoffs of Federal government employees. Initial jobless claims filed by fired civilian Federal employees were 564 in the week ending March 22, down 257 from the previous week. There were 8,245 continuing claims filed by fired civilian Federal employees in the week ending March 15, a decrease of 890 from the previous week. This is close to the 10,000 decline of Federal government employment in February according to the BLS and we expect larger declines in March and April.

Continuing unemployment insurance claims surged by 56,000 to 1.903 million in the week ending March 22, the highest since late-2022. The four-week moving average of continuing claims rose by 3,000 to 1.871 million, the highest since mid-December 2024. Both levels are close to 100,000 above the same period last year, suggesting it is taking unemployed workers somewhat longer to find a new job. The insured unemployment rate moved up to 1.3% in the week ending March 22, the highest in well over a year.

We expect the Labor Department will report tomorrow morning that payroll jobs rose by close to 115,000 and the unemployment rate edged up to 4.2 percent in March. We expect that private sector payroll jobs rose by close to 140,000 but government jobs fell by 25,000, mostly due to DOGE firings of close to 30,000 Federal employees. We expect that average hourly wages rose by 0.3 percent in March and 3.9 percent from a year ago. We estimate that total hours worked moved up by 0.3 percent in March. This would be a good jobs report but it mostly pre-dates the aggressive tariffs imposed by President Trump announced yesterday (4/2).

The labor market will weaken in 2025 with much smaller job gains relative to last year's average monthly gain of 166,000 (2.0 million new jobs in 2024) and an unemployment rate that moves higher from 4.1% in February. Two downside risks to job growth this year are: 1) the imposition of widespread and aggressively high tariffs announced yesterday (4/2) by President Trump and retaliations by those countries most impacted, and 2) the potential for immigration restrictions and deportations from President Trump's Executive Orders to decrease the supply of available workers.

PNC Economics

Stuart Hoffman, Senior Economic Advisor

economics@pnc.com

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