

## Initial Jobless Claims Fell by 6K in the Week Ending June 22 but Continuing Claims Jumped by 18,000 in Mid-June. The Labor Market Remains Strong but Better-Balanced.

- **Initial claims for unemployment insurance fell by 6,000 to 233,000 in the week ending June 22 but the four-week moving average rose by 3,000 to 236,000.**
- **Continuing claims jumped by 18,000 to 1.839 million in the week ending June 15 and the four-week moving average rose by 12,000 to 1.816 million.**

Initial Unemployment Insurance (UI) claims fell by 6,000 to 233,000 in the week ending June 22, following a 4,000 decline in the previous week. The four-week moving average of claims, which smooths out some of the weekly volatility in this data rose by 3,000 to 236,000, the highest since early-September 2023. UI Claims have remained unusually steady and low by historical standards signalling that the labor market remains strong but the rise in the past five weeks bears close watching. The 200,000 mark appears to be a floor and the 230,000 mark appeared to be a ceiling for the Initial claims measure, with the weekly results having bounced around in that narrow range in the second half of 2023 and again in the first five months of 2024. So this rise to 233,000 in late-June could be a sign of growing layoffs if initial claims keep rising throughout July.

Continuing claims rose by 18,000 to 1.839 million in the week ending June 15 from a downward revised 1.821 million in the previous week (was 1.828 million). This is the highest level since mid-January 2024. The four-week moving average of continuing claims, which smooths out some of the weekly volatility in this data set, moved up by 12,000 to 1.816 million from a downward revised 1.804 million in previous week (was 1.806). A rise in continuing claims suggests that laid-off workers are taking more time to find a new job.

While UI Claims are still at healthy levels in a historical context, the labor market is becoming better balanced between demand for and supply of workers which will help moderate upward wage pressures, especially as legal immigration has risen by over 1 million in each of the past two years. This is a theme that Chair Powell emphasized again at his post June 12 FOMC meeting press conference.

PNC expects that labor market moderation and slower wage and price inflation data for May, June, July and August will pave the way for 25 basis points funds rate cuts at both the November and December 2024 FOMC meetings with additional cuts in the first half of 2025. The Bank of Canada and the ECB started a rate cutting cycle recently with both cutting their benchmark rates by 25 bps. The Fed will start later in this global Central Bank rate cutting process.

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