

Unemployment Insurance Claims Rose Modestly in the week Ending September 28 as the Labor Market Continues to Gradually Cool

- First-time jobless claims rose by 6,000 to 225,000 for the week ending September 28.
- The insured unemployment was 1.2% for the week ending September 21, on par with last week and unchanged from a year ago.
- PNC expects job growth to slow for the balance of 2024 and through the first half of next year and the unemployment rate to rise modestly.

Initial jobless claims rose to 225,000 for the week ending September 28. This is up by 6,000 from 219,000 in the previous week and up marginally from 216,000 a year ago. There are still no signs that employers are shedding workers. The four-week moving average of initial claims ending September 28 slipped to 224,250 – a modest drop of 750 from the previous week – but slightly higher than 216,500 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 21, unchanged from last week and the same week one year earlier. Boeing furloughs of “white collar” workers during the strike of 30,000+ “blue collar” workers (who are not eligible for unemployment benefits) could temporarily lift initial claims until the strike is settled.

Continuing claims for unemployment insurance fell by 1,000 to 1.826 million for the week ending September 21. However, continuing claims are up from 1.789 million in the same week last year. Meanwhile, the four-week moving average declined by 5,000 to 1.829 million but is up from 1.797 million in the same week last year, suggesting it is taking unemployed workers longer to find a new job. This is reinforced by the sharp slowdown in job growth this year with average monthly gains of 184,000 through August compared to 251,000 per month in 2023.

We expect tomorrow morning’s September employment report from the BLS to show payroll job gains near 150,000. The unemployment rate should edge up to 4.3%. Average hourly wages are expected to rise by 0.3%, keeping the rise from a year ago steady at 3.8%, well above the 2.2% rise in the CPI.

The labor market continues to cool amid a backdrop of still-restrictive monetary policy. Job gains has slowed markedly, and the unemployment rate has risen by 80 basis points from 3.4% in April 2023. PNC expects a further softening in the labor market as economic growth moderates, with average job gains of around 150,000 a month for the remainder 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%.

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