

Initial Unemployment Insurance Claims Fell by 19K in Mid-October, Partly Reversing the 35K Rise the Previous week in the Aftermath of Hurricane Helene

- First-time jobless claims fell by 19,000 to 241,000 in the week ending October 12, only partly reversing the previous week's 35,000 rise in the aftermath of Hurricane Helene.
- The insured unemployment was 1.2% for the week ending October 5, on par with the previous week and unchanged from a year ago.
- PNC expects job growth to continue slowing in the final quarter of 2024 and throughout the first half of next year. The unemployment rate will rise modestly.

Initial jobless claims fell by 19,000 to 241,000 in the week ending October 12, only partly reversing the 35,000 rise in the previous week in the aftermath of Hurricane Helene. The four-week moving average of initial claims ending October 12 rose by 5,000 to 236,000 which is higher than 210,500 a year earlier, implying that the U.S. labor market is gradually softening. The insured unemployment rate was 1.2% for the week ending October 5, unchanged from last week and the same week one year earlier.

Hurricane Milton will likely cause a significant rise in initial claims during the next several weeks. Also, Boeing announced furloughs for 17,000 "white collar" workers during the strike of 30,000+ "blue collar" workers (who are not eligible for unemployment benefits) which could also temporarily lift initial claims until the strike is settled.

Continuing claims for unemployment insurance rose by 9,000 to 1.867 million for the week ending October 5 and are up from 1.808 million in the same week last year. The four-week moving average rose by 11,500 to 1.843 million and is up from 1.798 million in the same week last year, suggesting it is taking unemployed workers longer to find a new job.

The labor market continues to cool amid a backdrop of still-restrictive monetary policy. Job gains have slowed and the unemployment rate has risen by 70 basis points from 3.4% in April 2023 to 4.1% in September 2024. PNC expects a further softening in the labor market as economic growth moderates, with average job gains of around 150,000 a month in the final quarter 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% by mid-year 2025.

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