

Initial Jobless Claims Increase Slightly but Remain Low

- Initial jobless claims increased to 221,000 for the week ending November 2 from an upwardly revised 218,000 in the prior week. The insured unemployment rate was unchanged at 1.2% for the week ending October 26.
- The four-week moving average dropped by 9,750 to 227,250 but is up somewhat from 211,750 in the same week last year, suggesting the U.S. labor market has softened over the past year.
- Continuing claims for unemployment insurance rose by 39,000 to 1.892 million for the week ending October 26, and are modestly higher compared to a year earlier (1.823 million).
- PNC expects job gains to slow to around 125,000-150,000 for the balance of this year (with a big rebound in November) and to about 100,000 in the first half of 2025, driving the jobless rate up to around 4.5%.

First-time jobless claims inched up to 221,000 for the week ending November 2 from an upwardly revised 218,000 in the previous week, in line with the consensus forecast of 220,000. Initial claims are up by 5,000 from a year ago. The four-week moving average dropped by 9,750 to 227,250 but is up somewhat from 211,750 in the same week last year, implying the U.S. labor market has cooled over the past 12 months. Some of the decline in the four-week moving average came from dropping elevated claims in the first week of October, when Hurricanes Helene and Milton led to a large jump in claims. The insured unemployment rate was 1.2% for the week ending October 26, unchanged from the previous week and in line with the rate a year earlier.

Continuing claims for unemployment insurance increased by 39,000 to 1.892 million for the week ending October 26. Continuing claims are marginally higher compared to a year earlier when they stood at 1.823 million. Moreover, the four-week moving average increased by 8,500 to 1.875 million and is up from 1.814 million a year earlier, signaling it is taking unemployed workers a little longer to find a new job.

The U.S. labor market continues to cool against a backdrop of still-restrictive monetary policy. Job gains have slowed to an average of 170,000 this year (distorted somewhat by the gain of 12,000 in October that was influenced by the Boeing strike and the hurricane) from 251,000 last year and the unemployment rate has climbed by 70 basis points from 3.4% in April 2023 to 4.1% in October 2024. PNC expects a further softening in the labor market as economic growth moderates, with average job gains of 125,000-150,000 a month in the final two months of this year (including a big rebound in November) and about 100,000 per month in the first half of 2025. As a result, the unemployment rate will rise to around 4.5% by mid-year 2025 and then drift slightly lower in 2026 as job growth accelerates amid lower interest rates.

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