

## Initial Claims Rose to 217K in the Week Ending January 11, Reversing the Previous Holiday Week Decline; The Job Market is Starting 2025 in a Strong Position.

- **Initial unemployment claims rose by 14,000 to 217,000 in the week ending January 11, 2025, reversing the previous holiday week decline.**
- **Continuing claims fell by 18,000 to 1.859 million in the New Year week ending January 4, 2025.**
- **Layoffs are low, but businesses hired fewer workers in 2024 than in the previous two years.**
- **The labor market remains solid as 2025 begins.**

Initial claims for unemployment insurance claims rose by 14,000 to 217,000 in the week ending January 11, 2025. This more than reversed the previous holiday week decline which can understate initial claims. The four-week moving average of claims, which smooths out some of the holiday and weekly volatility, fell by 1,000 to 213,000 in the week ending January 11, 2025 which was the lowest since late-March 2024. Claims jumped to a peak of 260,000 in early October 2024 with Hurricanes Helene and Milton but have fallen since then. Although claims are up from just above 200,000 in early 2024, they remain historically low, indicating low layoffs.

Continuing unemployment insurance claims fell by 18,000 to 1.859 million in the New Year week ending January 4, 2025. The four-week moving average of claims, which smooths out some of the holiday and weekly volatility, in the New Year week ending January 4, 2025 fell by 1,000 to 1.867 million, the lowest level since mid-October 2024. Both of these levels, however, are well above this same time the previous year. Continuing claims bottomed out at around 1.35 million in mid-2022 and have gradually moved higher over the past two and a half years. With hiring slowing but the job market still in good shape, it is taking unemployed workers longer to find a new job.

The U.S. economy added 256,000 payroll jobs in December 2024 according to a survey of employers from the Bureau of Labor Statistics, far above the consensus expectation of 150,000. The private sector added 223,000 jobs in December, with government employment up by 33,000. This was the strongest month for job growth since March 2024, although it was just above the 255,000 jobs added in September. The unemployment rate fell to 4.1% in December from 4.2% in November. During the final quarter of 2024 the US economy added an average of 170,000 jobs per month which is close to potential given underlying growth in the number of available workers.

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The December jobs report was better than expected, with very strong job growth in both the employers and household surveys and a drop in the unemployment rate. Slower wage growth was good news from an inflation perspective, even as labor market earnings continue to rise faster than prices. The job market should remain sturdy in 2025, with continued, albeit, smaller job gains and an unemployment rate inching higher to near 4.5 percent. One downside risk for job growth is the potential for immigration restrictions from the incoming new administration, which would constrain the number of available workers.

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