

Initial Claims Rose to 223K in the Week Ending January 18, Reversing the Holiday Weeks' Decline; The Job Market is Starting 2025 in a Strong Position.

- **Initial unemployment claims rose by 6,000 to 223,000 in the week ending January 18, 2025.**
- **Continuing claims surged by 46,000 to 1.899 million in the week ending January 11, 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 6,000 to 223,000 in the week ending January 18, 2025, a second straight weekly rise. This more than reversed the holiday weeks' decline which can understate initial claims. The four-week moving average of claims, which smooths out some of the holiday and weekly volatility, rose by 1,000 to 213,500 in the week ending January 18, 2025, which is only slightly above its level one year ago. Although claims are up from just above 200,000 in early 2024, they remain historically low, indicating low layoffs.

Continuing unemployment insurance claims surged by 46,000 to 1.899 million in the week ending January 11, 2025. The four-week moving average of claims, which smooths out some of the holiday and weekly volatility, ending January 11, 2025 rose by only 500 to 1.866 million, the lowest level since mid-October 2024. Both of these levels, however, are well above this same time the previous year. With hiring slowing but the job market still in good shape, it is taking unemployed workers longer to find a new job.

The December jobs report was better than expected, with very strong job growth in both the employer 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 President Trump's recent Executive Orders, which could constrain the number of available workers.

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