

Initial Claims Fell to 207K in the Week Ending January 25, Nearly Reversing the Previous Two Weeks' Rise; The Job Market is Starting 2025 in a Strong Position.

- Initial unemployment claims fell by 16,000 to 207,000 in the week ending January 25, 2025.
- Continuing claims dropped by 41,000 to 1.858 million in the week ending January 18, 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 fell by 16,000 to 207,000 in the week ending January 25, 2025, nearly offsetting the previous two weeks' rise, some of which included a large rise in California because of the devastating fires in the LA area. 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 25, 2025, which is the lowest level since late-April 2024. Although claims are up from just above 200,000 in early 2024, they remain historically low, indicating low layoffs.

Continuing unemployment insurance claims dropped by 41,000 to 1.858 million in the week ending January 18, 2025. The four-week moving average of claims, which smooths out some of the holiday and weekly volatility, ending January 18, 2025 rose by 6,000 to 1.872 million. 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 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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