

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 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 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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Action Economics Survey	Range	Median	Last Actual	PNC's Comment
<b>Fed Funds Rate Target Range Mid-Point</b> (after the FOMC meeting on 1/29/25)	4.38-4.38%	4.38%	4.38%	4.38%. FOMC to leave the fed funds rate unchanged next week.
<b>Dec New Home Sales (1/27, Monday)</b>	0.640-0.700M	0.670M	0.664M (Nov)	New home sales to climb slightly to 0.685M in December on lower mortgage rates.
<b>Dec Durable Goods Orders (1/28, Tuesday)</b>	-4.5 to 2.0%	1.0%	-1.2% (Nov)	Durable goods orders to rebound 1.2% in December, offsetting the 1.2% drop in November.
<b>Jan Consumer Confidence (1/28, Tuesday)</b>	102.0-108.3	106.0	104.7 (Dec)	Consumer confidence to improve to 107.0 in January amid strong job gains.
<b>Dec Advanced Trade in Goods (1/29, Wednesday)</b>	-\$115.1 to -\$103.0	-\$106.0	-\$103.5 (Nov)	Goods trade balance to deteriorate to -\$106.0B in December on strong domestic demand.
<b>Q4 GDP Advance Report (1/30, Thursday)</b>	2.0-3.0%	2.7%	3.1% (Q3)	Real GDP growth to decelerate to 2.7% in the fourth quarter but remain strong.
<b>Q4 Chain Price Index Advance Report (1/30, Thursday)</b>	2.1-2.7%	2.5%	1.9% (Q3)	GDP Chain Price Index to accelerate to 2.5% in the fourth quarter, partly due to higher energy prices.
<b>Initial Claims, Week of 1/25/25 (1/30, Thursday)</b>	218-226K	220K	223K (1/18/25)	Initial claims to fall slightly 220K in the week ending 1/25 but remain historically low.
<b>Q4 Employee Cost Index (1/31, Friday)</b>	0.8-1.1%	0.9%	0.8% (Q3)	Employment Cost Index growth to accelerate to 0.9% in Q4 amid continued labor market strength.
<b>Dec Personal Income (1/31, Friday)</b>	0.3-0.5%	0.4%	0.3% (Nov)	Personal income growth to increase slightly to 0.5% in December on strong employment gains.
<b>Dec Personal Consumption Expend. (1/31, Friday)</b>	0.4-0.7%	0.5%	0.4% (Nov)	Consumer spending growth to accelerate to 0.5% in December amid a solid holiday season.

## Monthly Calendar of Economic Data: January 2025

Jan 27

New Home Sales (000)	
Oct	627
Nov	664
Dec	

Jan 28

Durable Goods		
	Total	Ex-Transp.
Oct	0.8	0.2
Nov	-1.2	-0.1
Dec		

CB Consumer Confidence			
	Total	Current	Expect
Nov	112.8	141.4	93.7
Dec	104.7	140.2	81.1
Jan			

Jan 30

Gross Domestic Product		
4th Qtr (First Report)		
	Real GDP	Price Index
Q1'24	1.6	3.0
Q2'24	3.0	2.5
Q3'24	3.1	1.9
Q4'24 (1 <sup>st</sup> )		

Unemployment Claims (000)					
Sept	Oct	Nov	Dec	Jan	
231	260	221	242	203	
222	242	219	220	217	
219	228	215	220	223	
225	218	215	211		
		225			

Jan 31

Employment Cost Index			
	Total	Wages & Salaries	Benefits
4Q'23	0.9	1.1	0.7
1Q'24	1.2	1.1	1.1
2Q'24	0.9	0.9	1.0
3Q'24	0.8	0.8	0.8
4Q'24			

Personal		
	Income	Spending
Oct	0.7	0.3
Nov	0.3	0.4
Dec		

Jan Chicago PMI

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