

Datanote: US Weekly Jobless Claims, August 24

In one line: The rising trend has flattened off; expect a run of lower numbers this fall.

- Initial jobless claims fell to 231K, from 233K, trivially below the consensus, 232K.

- Continuing claims rose to 1,868K, from 1,855K, also marginally below the consensus, 1,870K.

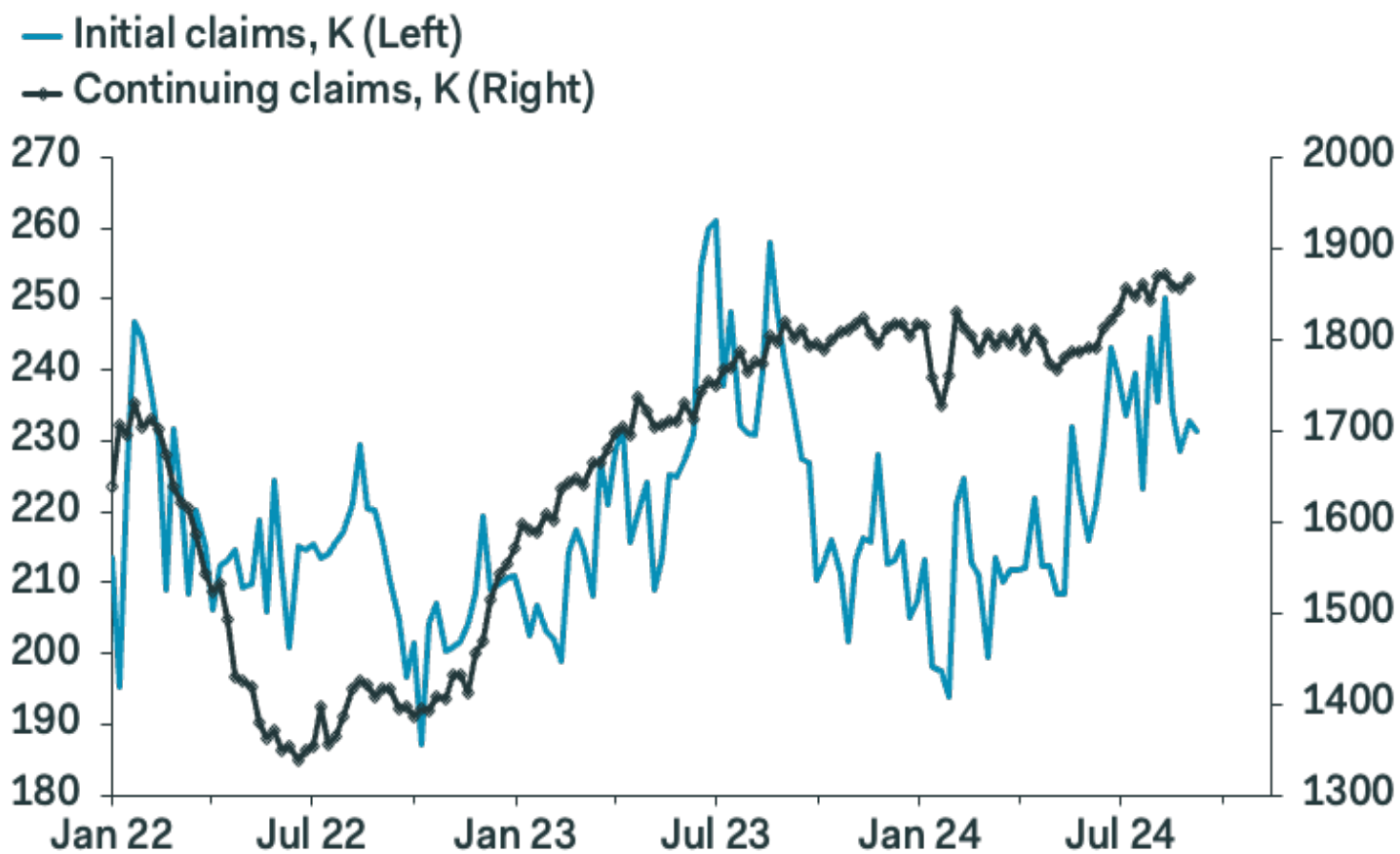
The latest claims data provide further evidence that the labor market is slowing only gradually and hint that some of the recent jump in the unemployment rate probably is due to sampling error. The 2K week-on-week decline in initial claims was driven chiefly by claims in Texas and Florida reverting to normal levels, after weather-related boosts in previous weeks. Our measure of underlying unadjusted claims, which excludes Texas, Florida, Ohio—which saw a spate of fraudulent claims in

2023—and seven states where auto manufacturers account for at least 0.5% of total employment, was 3K higher than in the same week last year, slightly more than the 1.6K year-over-year increase in the previous week. But these are tiny differences; the big picture is that layoffs remain very low, albeit not quite as low as at the start of this year.

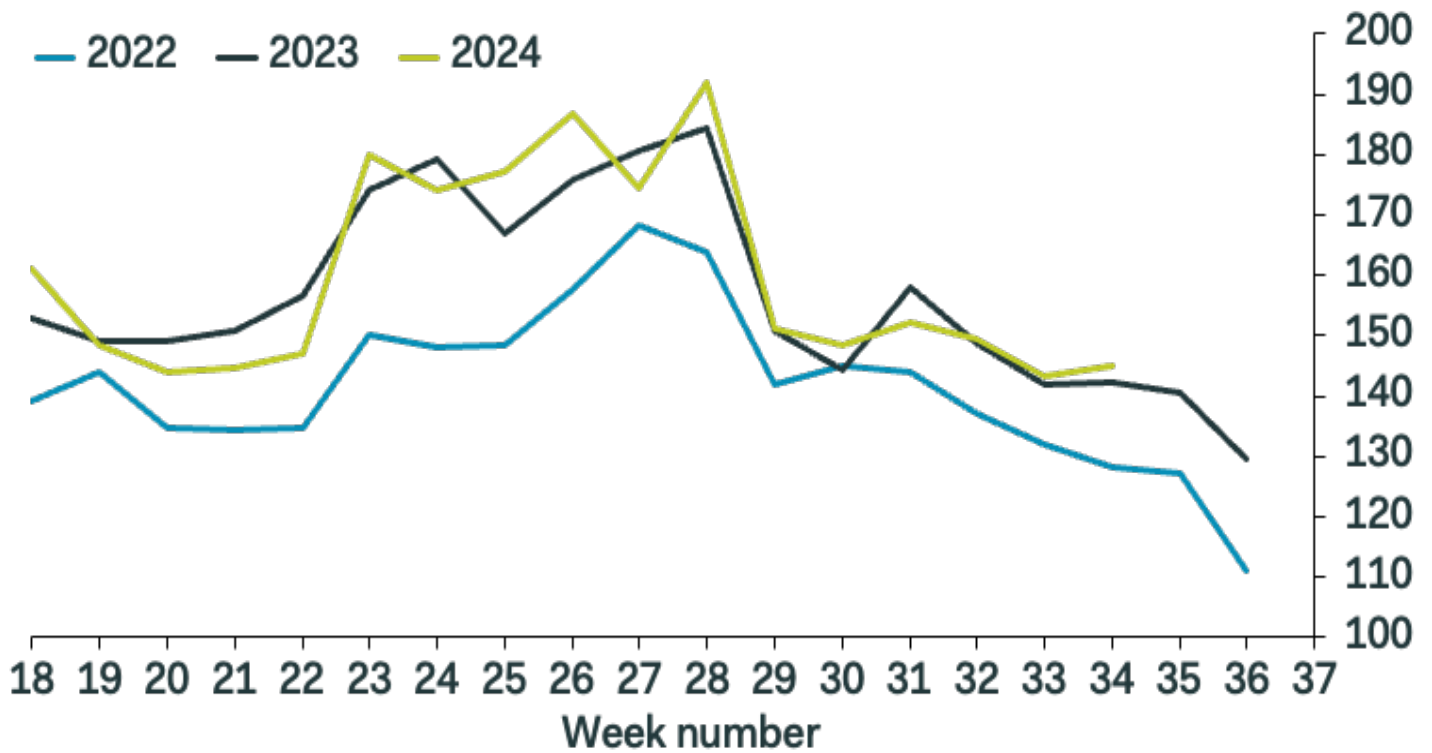
Looking ahead, a renewed decline in initial claims over the fall looks like a sensible base case. Leading indicators,

such as the Challenger measure of job cut announcements and WARN notices, point to a dip in layoffs over the next couple months. The seasonally adjusted trend in Google searches relating to claiming benefits also has declined over the summer. Note too that the broad shape of seasonally adjusted claims this year is very similar to 2023—see our final chart below—pointing to possible problems with the seasonals. Seasonally adjusted claims fell sharply in September and October last year, highlighting the potential for

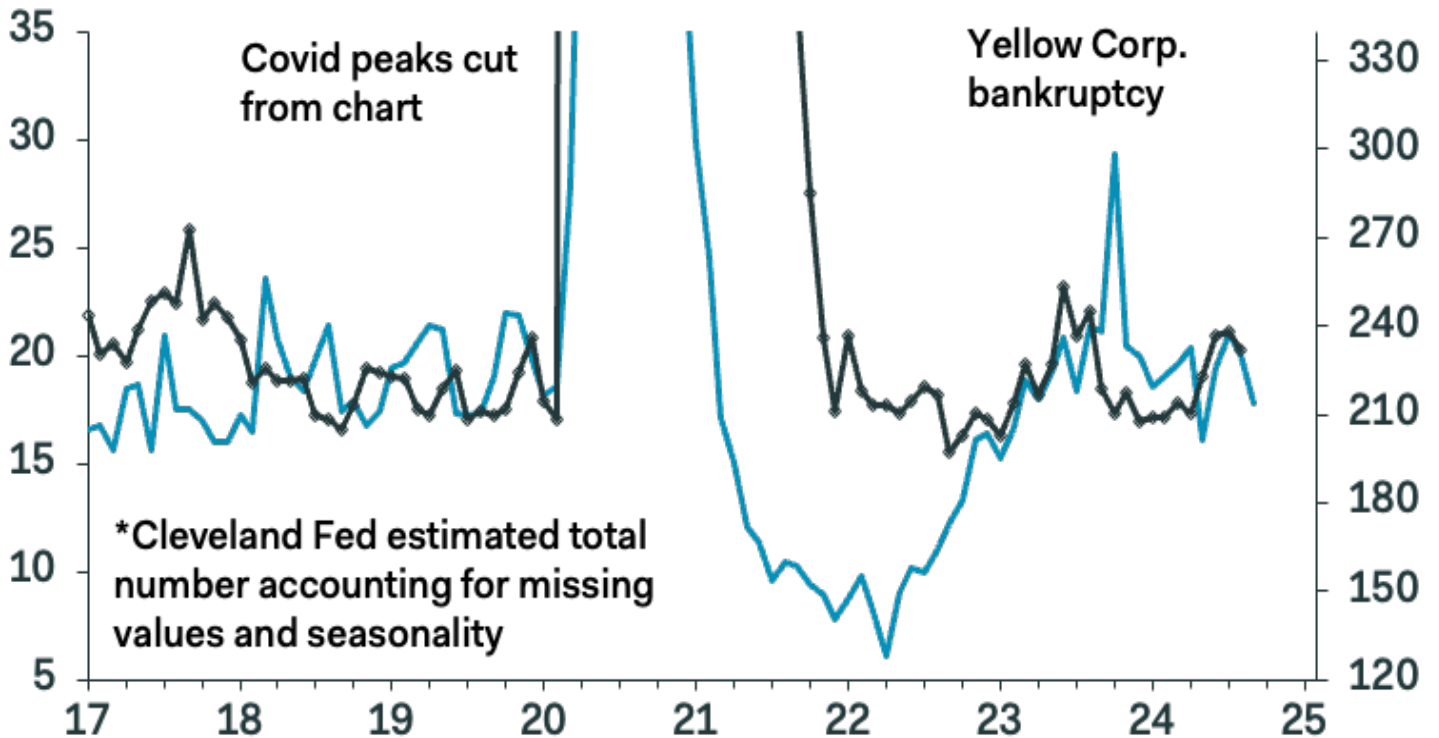
a repeat this year. Nevertheless, we still think that payroll growth will remain on a slowing trend, as hiring buckles under the pressure of very high real interest rates, tight credit conditions, and slowing growth in consumers' real expenditure.



Claims in states excluding Texas, Florida, Ohio and seven key motor vehicle manufacturing states, NSA, thousands



— WARN layoff announcements*, thousands, adv. two months (Left)
 — Initial jobless claims, thousands (Right)



— Initial jobless claims, seasonally adjusted, 2023

—•— 2024

