

Datanote: US Weekly Jobless Claims, June 8

In one line: A clear uptrend is now underway

- Initial jobless claims jumped to 242K, from 229K, above the consensus, 225K.

- Continuing claims rose to 1,820K, from 1,790K, also above the consensus, 1,795K.

Calendar quirks around Memorial

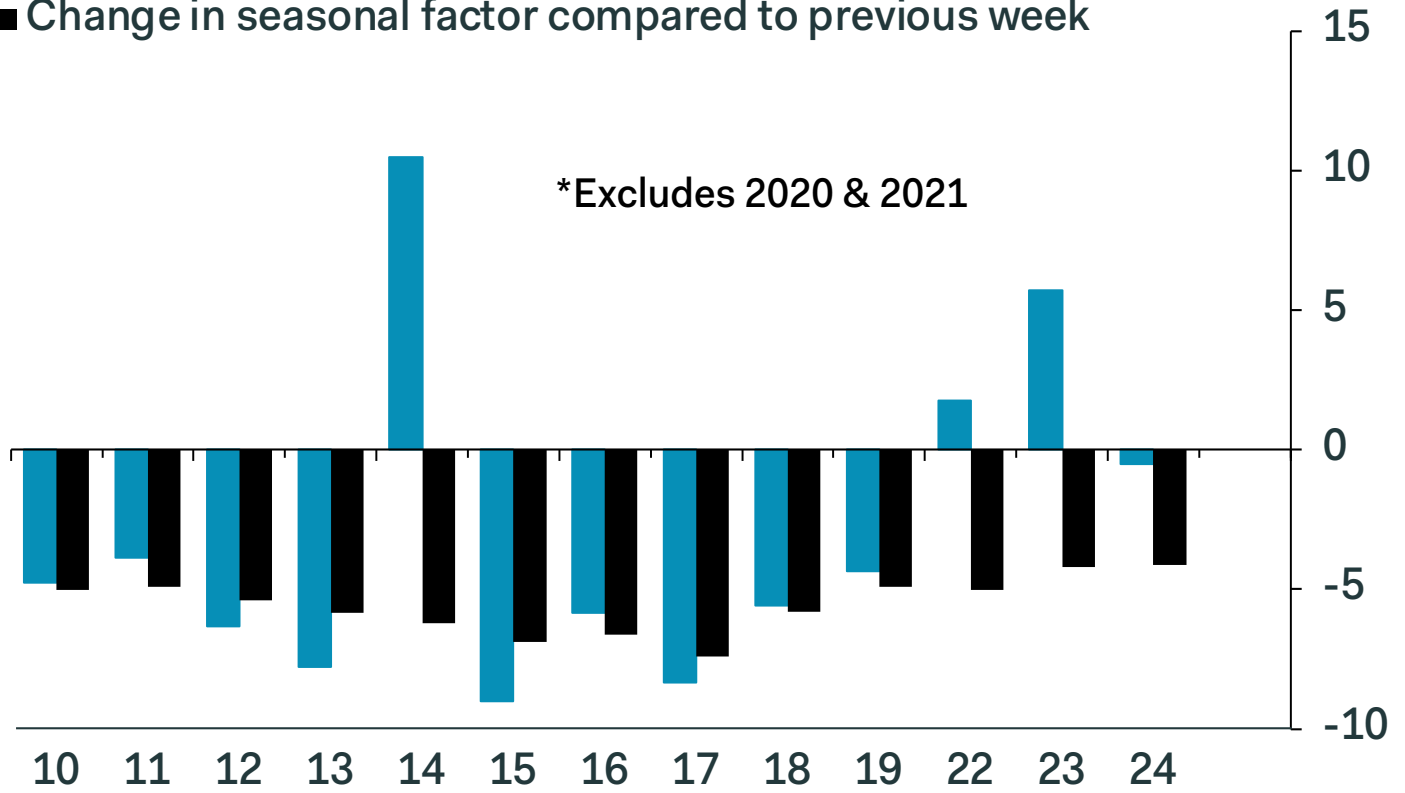
day make this week's initial claims number a bit harder than usual to interpret, but the direction of travel is clear; 242K is the highest since August 2023. The typical pattern in the past was that unadjusted claims fell sharply in the week including Memorial Day, presumably because fewer people can file claims in person or over the phone on a public holiday. The seasonal adjustment factors recognized this tendency and offset the unadjusted drop. In more recent years, however, and since around 2017 in particular,

the Memorial Day effect seems to have diminished, as our first chart below shows, probably because far more people now file claims online. But the seasonal adjustment factors used by the BLS are yet to catch up with this shift and still assume a big fall in unadjusted claims in the week of the holiday. Accordingly, the seasonals pushed up last week's headline number, so it was reasonable to expect a downward correction in today's report. This makes the reported hefty increase all the more remarkable.

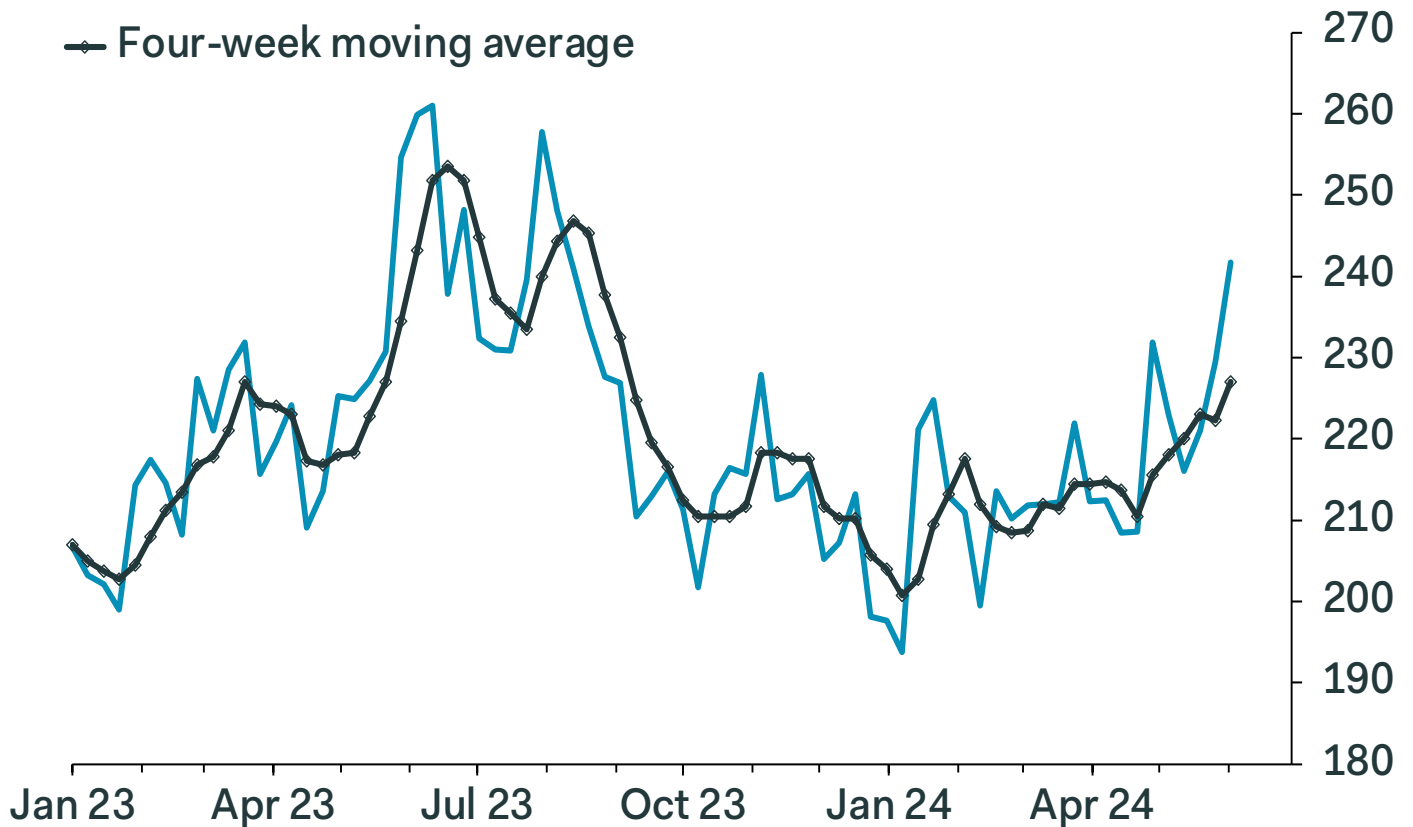
Initial claims have been drifting up for some time, but the big increase this week leaves the uptrend far harder to dismiss. The numbers are volatile from week-to-week, but the four-week average is clearly drifting higher, with further increases likely. Several indicators, including Challenger job cut announcements, point to layoffs rising further or, at the very least, remaining elevated around this week's level. High long-term rates, tight credit conditions and a gradual softening in demand

are starting to weigh more heavily on businesses, and on small companies in particular. Greater layoffs will probably mean that the labor market starts to look a lot weaker very soon, especially when combined with the meaningful slowdown in gross hiring suggested by most of the business surveys.

- Change in NSA claims in the week including memorial day*, %
- Change in seasonal factor compared to previous week



- Weekly initial claims, thousands
- Four-week moving average



— Challenger layoff announcements, thou., 3m ave., SA by PM (Left)

◆ Initial jobless claims, 3-month average, thousands (Right)

