

Economics | Jobs

## US Initial Jobless Claims Decline by Most in Nearly a Year

- Initial applications fell 17,000 last week to 233,000
- Drop reflected states that had large jumps in recent weeks



Jobless Claims Fall by Most in Nearly a Year

By [Jarrell Dillard](#) and [Augusta Saraiva](#)

August 8, 2024 at 2:35 PM GMT+2

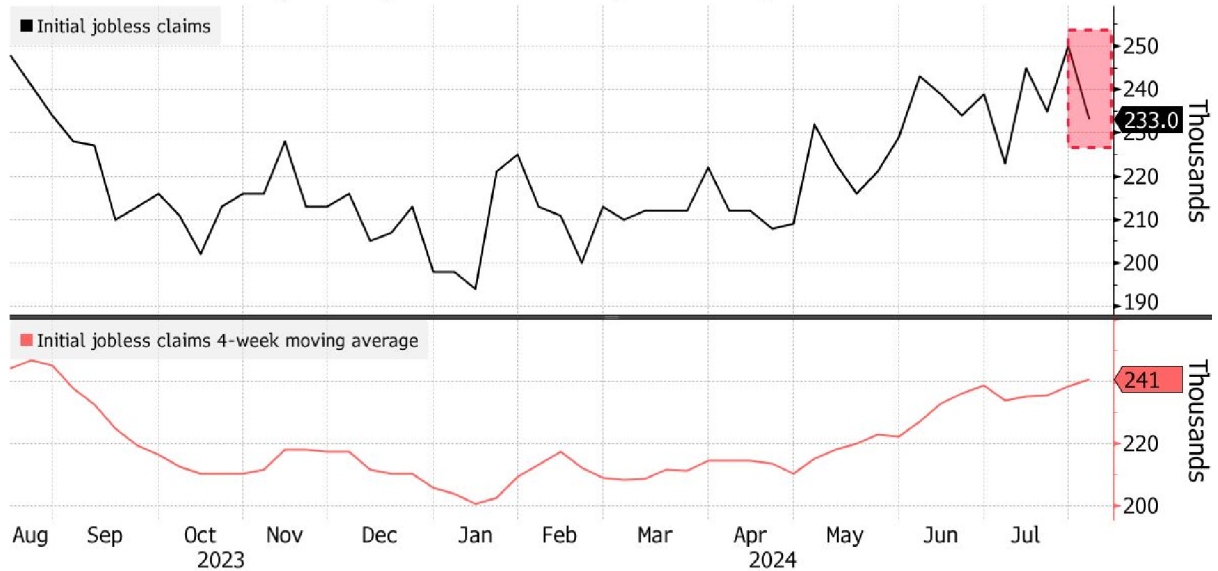
Updated on August 8, 2024 at 3:01 PM GMT+2

Initial applications for US unemployment benefits fell last week by the most in nearly a year, potentially alleviating some concerns that the labor market is cooling too fast following last week's disappointing jobs report.

Initial claims decreased by 17,000 to 233,000 in the week ended Aug. 3, according to Labor Department data released Thursday. That was helped by fewer applications in states that had registered large increases in recent weeks, such as Michigan, Missouri and Texas.

# US Initial Jobless Claims Drop By Most Since September

## The 4-week moving average rose to the highest in a year

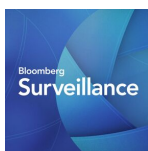


Source: US Labor Department

Bloomberg

The decline in initial applications may help reassure markets that the workforce is simply reverting to its pre-pandemic trend rather than rapidly deteriorating. That was the consensus until last week, when the jobs report showed employers substantially scaled back hiring in July and the unemployment rate rose for a fourth month, triggering a key recession indicator.

That contributed to a global market selloff and prompted calls for the Federal Reserve to start lowering interest rates before its next scheduled policy meeting in September – which economists say would be highly unlikely. Instead, several expect a 50-basis-point rate cut next month as opposed to the typical 25, though officials are likely to push back on such a move.



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Market Volatility

30:12

“The data bear watching for signals about a more material weakening in the labor market going forward, which would have implications for Fed policy,” Carl B. Weinberg and Rubeela Farooqi of High Frequency

Economics said in a note. “They signal modest economic slowing, not contraction!”

Stock futures and Treasury yields rose after the report.

Metric	Actual	Estimate
Initial claims	233,000	240,000
Continuing claims	1.88 mln	1.88 mln

Continuing claims, a proxy for the number of people receiving unemployment benefits, edged up to 1.88 million in the week ended July 27, according to Labor Department data released Thursday.

While both initial and continuing applications for unemployment benefits have trended higher this year, they’re still hovering around 2019 levels.

#### **What Bloomberg Economics Says...**

“We think layoffs are broadening as the economy softens. Our baseline forecast is for the unemployment rate to reach 4.5% by October.”

– Eliza Winger. To read the full note, click [here](#) ☐☐

Since Friday’s jobs report, central bankers have said they won’t overreact to one month of data, but acknowledge that the employment side of their dual mandate is in greater focus since inflation has largely eased. Chair Jerome Powell said before the jobs report that the labor market is slowly getting back to its pre-pandemic levels.

Other figures support that notion, given still-elevated job openings and few layoffs – though some high-profile companies like Dell Technologies Inc. and Intel Corp. have let workers go recently.

Jobless claims data can be noisy from week to week, especially at this time of year when they’re prone to swings due to school closures for summer break and retooling at auto factories. The four-week moving average, a closely-watched metric that helps smooth out the data, moved up to 240,750, the highest in a year.



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38:28

Initial claims, before adjustment for seasonal factors, dropped by around 13,600 to 203,054, the lowest since May. Claims in Texas have subsided recently after spiking when Hurricane Beryl made landfall in early July, but the effects of Hurricane Debby on the Southeast may surface in next week's data.

– *With assistance from Chris Middleton*

*(Adds graphic, economists' comments)*

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