

Jobless claims hover near 57-year low for fourth week

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WASHINGTON • The number of Americans filing new claims for unemployment benefits fell last week, pointing to continued labor market stability despite a sharp slowdown in job growth in September.



Note

Weekly jobless claims have now remained near 57-year lows for four straight weeks, the report from the Labor Department showed on Thursday, amid historically low layoffs.

Though employers are hoarding workers against the backdrop of strong profit growth and stock market performance, they have remained hesitant to add to headcount, making it harder for those who lose their jobs to find new opportunities. Economists have blamed that trend on uncertainty, first from tariffs and then the U.S.-Israeli war with Iran, which has pushed up diesel prices to record highs and boosted prices for other commodities.

“It’s still a ‘low-hire, low-fire’ job market,” said Heather Long, chief economist at Navy Federal Credit Union. “That’s great for anyone who has a job and wants to keep it, but it’s tough for job seekers.” Initial claims for state unemployment benefits slipped 2,000 to a seasonally adjusted 197,000 for the week ended Oct. 3, the Labor Department said. Economists polled by Reuters had forecast 200,000 claims for the latest week.

Claims have held below the 200,000 mark since the second week of September. California and Illinois were the only states to report an increase in unadjusted applications in excess of 1,000.

The four-week moving average of claims, viewed as a better gauge of labor market trends as it irons out week-to-week volatility, fell 2,500 to 198,000 last week, the lowest level since early October 2022.

Nonfarm payrolls increased by a paltry 29,000 jobs in September, the government reported last week. Economists say tepid hiring and a shrinking labor pool amid retirements and an immigration crack-down are holding back job growth, leaving low layoffs to anchor the labor market.

Minutes of the Federal Reserve’s Sept., 15-16 policy meeting, published on Wednesday, showed officials “judged that labor market conditions were stable and generally viewed the labor market as close to maximum employment.” The minutes also noted that policymakers “generally viewed the upside and downside risks to the labor market as broadly balanced.”

The U.S. central bank last month raised its overnight benchmark interest rate by 25 basis points to the 3.75%4.00% range, the first hike in three years, and flagged further increases in borrowing costs in the months ahead.

The odds of another rate hike this month were diminished by the underwhelming payroll gains in September as well as cooler-than-expected inflation readings for July and August. Economists expect the Fed to raise rates in December.