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HISTORICALLY LOW LAYOFFS

Jobless claims fall below 200,000

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WASHINGTON>> Fewer Americans applied for unemployment benefits last week with layoffs remaining low despite a weakening labor market.

U.S. applications for jobless claims for the week ending Dec. 27 fell by 16,000 to 199,000 from the previous week's 215,000, the Labor Department reported Wednesday. Analysts surveyed by the data firm FactSet forecast 208,000 new applications.

Unemployment benefit filings are often distorted during holiday-shortened weeks. The shorter week can cause some who have lost jobs to delay filing claims.

The weekly report was released a day early because of the New Year's Day holiday.

Applications for unemployment aid are viewed as a proxy for layoffs and are close to a real-time indicator of the health of the job market.

Last month, the government reported that the U.S. gained a decent 64,000 jobs in November but lost 105,000 in October as federal workers departed after cutbacks by the Trump administration.

That helped to push the unemployment rate up to 4.6% in November, the highest since 2021.

The October job losses were caused by a 162,000 drop in federal workers, many of whom resigned at the end of fiscal year 2025 on Sept. 30 under pressure from billionaire Elon Musk's purge of U.S. government payrolls.

Labor Department revisions also knocked 33,000 jobs off August and September payrolls.

Recent government data has revealed a labor market in which hiring has clearly lost momentum, hobbled by uncertainty over President Donald Trump's tariffs and the lingering effects of the high interest rates the Fed engineered in 2022 and 2023 to rein in an outburst of pandemic-induced inflation. Since March, job creation has fallen to an average 35,000 a month, compared with 71,000 in the year ended in March.

Last month, the Federal Reserve trimmed its benchmark lending rate by a quarter-point, its third straight cut.

Federal Reserve Chairman Jerome Powell said the committee reduced borrowing costs out of concern that the job market is even weaker than it appears. Powell said that recent job figures could be revised lower by as much as 60,000, which would mean employers actually have been shedding an average of about 25,000 jobs a month since the spring.

Companies that recently have announced job cuts include UPS, General Motors, Amazon and Verizon.

The Labor Department's report Wednesday also showed that the four-week average of claims, which evens out some of the week-to-week volatility, rose by 1,750 to 218,7500.

The total number of Americans filing for jobless benefits for the previous week ending Dec. 20 fell by 47,000 to 1.87 million, the government said.