Economics

Economic Indicator — January 7, 2025

Job Openings Improve in November, but Turnover Still Muted

Summary

The November JOLTS report offered another tentative sign of labor demand stabilizing. Job openings at the end of November rose to a six-month high of 8.1 million, consistent with the recent leveling off in Indeed job postings. That said, turnover metrics suggest both employees and employers remain in a holding pattern. The share of workers in November voluntarily quitting their job fell back to its cycle low of 1.9%. Meantime, employers remain reluctant to let go of existing workers, but also reluctant to bring on new workers. The layoff rate, at 1.1% in November, remained just below its pre-pandemic average, but the hiring rate fell back to 3.3% and is still hovering near levels unseen in more than a decade.

Economist(s)

Sarah House
Senior Economist | Wells Fargo Economics
Sarah.House@wellsfargo.com | 704-410-3282

Michael Pugliese
Senior Economist | Wells Fargo Economics
Michael.D.Pugliese@wellsfargo.com | 212-214-5058

Aubrey Woessner
Economic Analyst | Wells Fargo Economics
Aubrey.B.Woessner@wellsfargo.com | 704-410-2911

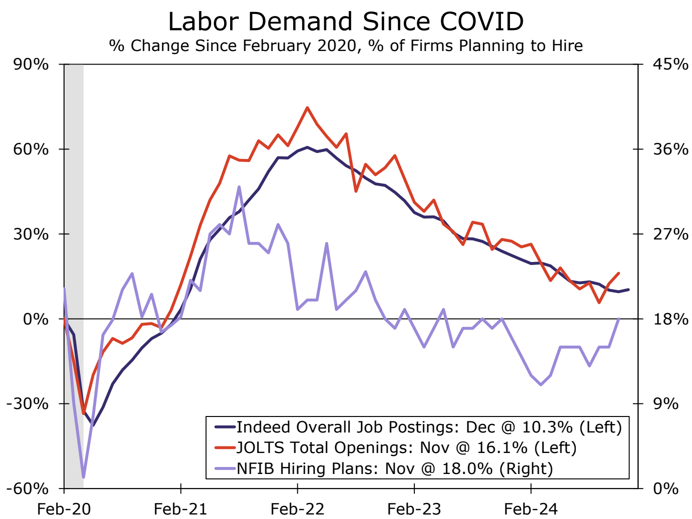
Source: U.S. Department of Labor and Wells Fargo Economics

Openings Offer a Good Start to the New Year

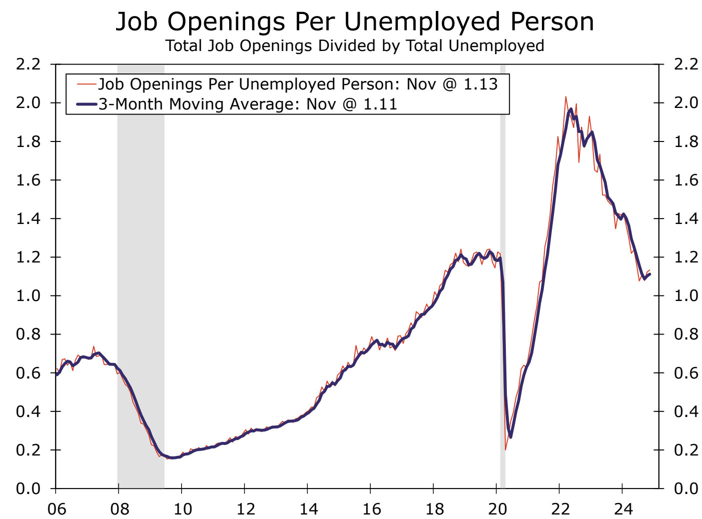
Total job openings climbed to 8.10 million on the last business day of November, an increase from October's upwardly-revised reading of 7.84 million and the highest count of openings since May. Still, even with gains over three of the past four months, total job openings are down by 833K, or 9.3%, over the past year.

The nascent stabilization of what had been a clear downward trend in openings adds to the evidence from private sources that demand for workers may be starting to level off. On trend, both JOLTS and Indeed overall job postings are roughly 10%-11% above their pre-pandemic marks. The sideways trend in small business hiring plans through the second half of last year and their post-election jump has further allayed some fears of continued cooling in labor market conditions. That said, signs of stabilization in labor demand are still tentative. *New* job postings from Indeed continue to slow sharply and were just 7.4% higher in December than in February 2020. A year ago in December 2023, new job postings were still 43% higher than their pre-pandemic level.

The rise in job openings paired with November's 161K increase in unemployment resulted in a small uptick in job openings per unemployed person to 1.13 from 1.12 in October. This leaves one of the Fed's favorite metrics of balance in the labor market cooler than 2018–2019 levels but still above the 1.00 ratio that indicates there are more jobs available in the economy than workers currently seeking employment.



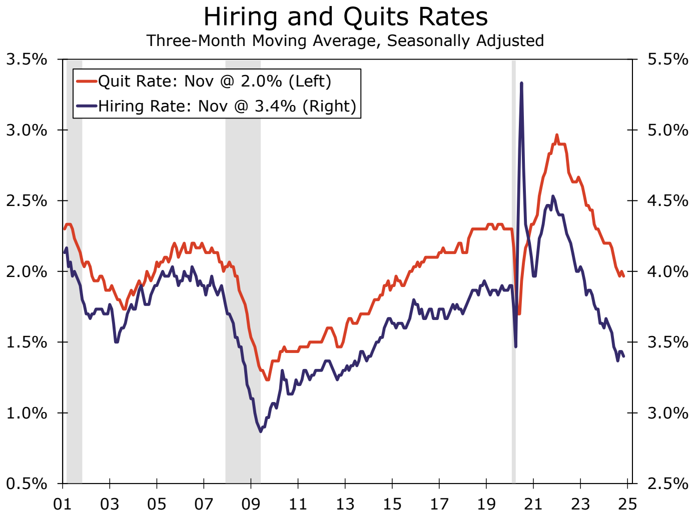
Source: U.S. Department of Labor, Indeed Inc., NFIB and Wells Fargo Economics



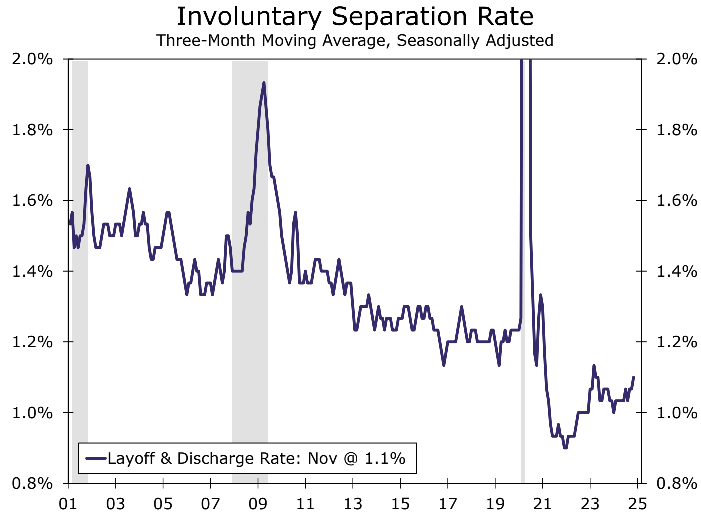
Source: U.S. Department of Labor and Wells Fargo Economics

Turnover in the jobs market remains muted. The quit rate fell back to its current cycle low of 1.9% in November, which is around the lowest rate since early 2016 (excluding the spring of 2020). The share of consumers viewing jobs as plentiful has edged up in recent months, which gives some reason for optimism that the downward trend may soon reverse. However, the overall subdued rate of voluntary departures is likely to restrain wage gains in the near term as employers are not having to battle as fiercely to retain existing employees.

Employers remain generally reluctant to let go of existing workers. The layoff rate was unchanged at 1.1% in November, keeping it below its pre-pandemic level. However, firms are still reticent to bring on new workers, with the hiring rate falling back to 3.3% to remain near its lowest level in more than a decade (again excluding the spring of 2020). That leaves little room for employers to dial back hiring further or rely on voluntary departures to keep a lid on headcount, keeping the labor market in a delicate position.



Source: U.S. Department of Labor and Wells Fargo Economics



Source: U.S. Department of Labor and Wells Fargo Economics

Virtually all labor data are consistent with moderation, but what has grown more clear since the summer months is that the deceleration in the labor market has not yet proved to be a non-linear deterioration. Hiring may be easing up, but it is not collapsing. And while businesses are not looking for as many workers as they were a year or two ago, they are not laying off workers in droves either. This slow-but-steady descent in hiring is part of the hawkish shift in the Fed's tune at its December policy meeting when it signaled an intention to slow the rate-cutting cycle to focus on stomping out recent stickiness in inflation.

This Friday's employment situation report for December should show somewhat of a reversion in payroll growth to its recent trend of roughly 150K as the volatility from bad weather and worker strikes in the fall fades from view. As we think about how hiring is set to progress in the new year, we expect softer demand for new workers and slower growth in the labor supply to lead to a moderation in the pace of monthly net hiring to around 125K and for the unemployment rate to hover around 4.3% throughout 2025.

Subscription Information

To subscribe please visit: www.wellsfargo.com/economicsemail

Via The Bloomberg Professional Services at WFRE

Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Jeremiah Kohl	Economic Analyst	212-214-1164	Jeremiah.J.Kohl@wellsfargo.com
Aubrey Woessner	Economic Analyst	704-410-2911	Aubrey.B.Woessner@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Anna Stein	Economic Analyst	212-214-1063	Anna.H.Stein@wellsfargo.com
Ali Hajibeigi	Economic Analyst	212-214-8253	Ali.Hajibeigi@wellsfargo.com
Coren Miller	Administrative Assistant	704-410-6010	Coren.Miller@wellsfargo.com

Required Disclosures

This report is produced by the Economics Group of Wells Fargo Bank, N.A. (“WFBNA”). This report is not a product of Wells Fargo Global Research and the information contained in this report is not financial research. WFBNA distributes this report directly and through affiliates including, but not limited to, Wells Fargo Securities, LLC, Wells Fargo & Company, Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Europe S.A., and Wells Fargo Securities Canada, Ltd. Wells Fargo Securities, LLC is registered with the Commodity Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. WFBNA is registered with the Commodity Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and WFBNA are generally engaged in the trading of futures and derivative products, any of which may be discussed within this report. All reports published by the Economics Group are disseminated and available to all clients simultaneously through electronic publication to our public website. Clients may also receive our reports via third party vendors. We are not responsible for the redistribution of our reports by third-party aggregators. Any external website links included in this report are not maintained, controlled or operated by WFBNA. WFBNA does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of WFBNA.

This publication has been prepared for informational purposes only and is not intended as a recommendation, offer or solicitation with respect to the purchase or sale of any security or other financial product, nor does it constitute professional advice. The information in this report has been obtained or derived from sources believed by WFBNA to be reliable, but has not been independently verified by WFBNA, may not be current, and WFBNA has no obligation to provide any updates or changes. All price references and market forecasts are as of the date of the report or such earlier date as may be indicated for a particular price or forecast. The views and opinions expressed in this report are those of its named author(s) or, where no author is indicated, the Economics Group; such views and opinions are not necessarily those of WFBNA and may differ from the views and opinions of other departments or divisions of WFBNA and its affiliates. WFBNA is not providing any financial, economic, legal, accounting, or tax advice or recommendations in this report. Neither WFBNA nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this report, and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. WFBNA is a separate legal entity and distinct from affiliated banks, and is a wholly-owned subsidiary of Wells Fargo & Company.

Important Information for Non-U.S. Recipients
For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority (“FCA”). For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the “Act”), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU (“MiFID2”). The FCA rules made under the Act for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. For recipients in the EFTA, this report is distributed by WFSIL. For recipients in the EU, it is distributed by Wells Fargo Securities Europe S.A. (“WFSE”). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in MiFID2. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE