

Economic Indicator — February 5, 2026

December JOLTS: Slide in Openings Signals Labor Demand Remains Weak

Summary

The December JOLTS report underscored the labor market remains in a precarious position. Job openings fell to 6.5 million and are down around 10% over the past year. The ongoing slide suggests a turnaround in hiring conditions is not yet upon us. Turnover data also suggest labor market activity remains subdued. The hiring and quit rates remained near their lowest levels in roughly a decade in December, excluding the initial months of the pandemic.

The low hiring environment and subdued rate of workers voluntarily leaving their jobs risks pushing layoffs higher. The layoff rate remained at 1.1% in December, but more forward-looking data from Challenger show job cut announcements trending higher. While announcements have not risen to a degree that signal a mass loss in employment, the pickup is a reminder that firms are not opposed to cutting headcount when other options have been exhausted.

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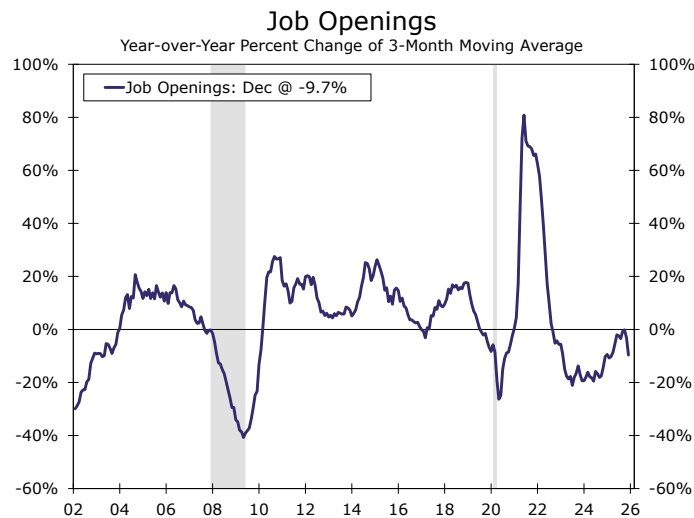


Source: U.S. Department of Labor and Wells Fargo Economics

Openings Down, Turnover Remains Depressed

The December JOLTS report underscored the labor market remains in a precarious position. Job openings fell to 6.5 million at the end of the month, coming off of a downwardly revised reading in November. Smoothing with a three-month average, job vacancies were down 9.7% in December, the sharpest contraction since early 2025 when policy uncertainty was intensifying ([chart](#)).

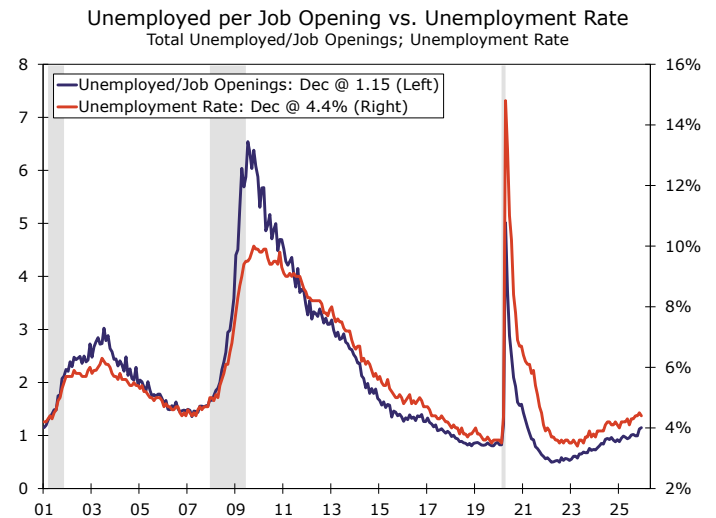
The pullback in openings signals that labor demand is slowing more than labor supply, which points to some upside risk to the unemployment rate in the coming months ([chart](#)). While some labor market data such as small business hiring plans and Indeed's measure of total postings have shown tentative signs of labor demand stabilizing since last spring, the ongoing slide in new job postings from Indeed and now JOLTS job openings suggest a turn around in hiring conditions is not yet upon us.



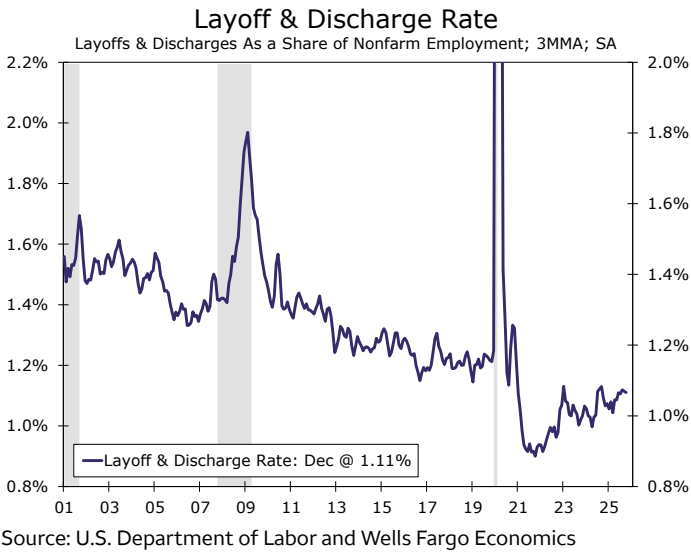
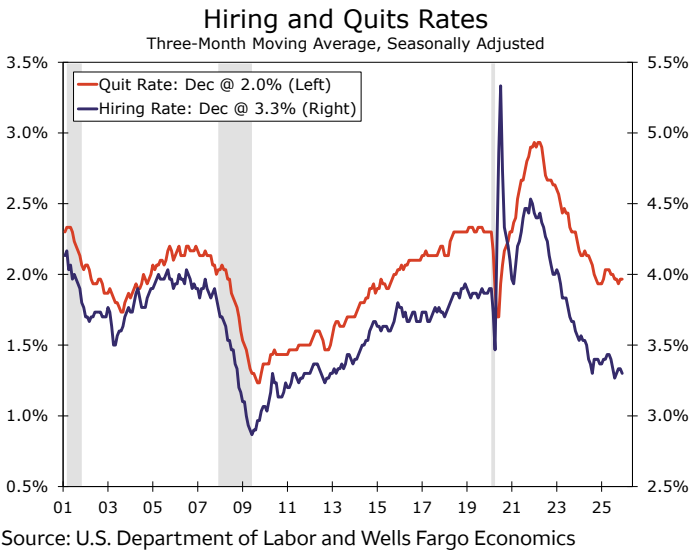
Source: U.S. Department of Labor and Wells Fargo Economics

The downward trend in job openings has underpinned a subdued rate of hiring. The hiring rate ticked up a tenth to 3.3% in December but is still hovering at a rate that last persisted in 2013. With fewer job opportunities available, voluntary departures of workers remains muted; the quit rate held steady at 2.0% in December ([chart](#)).

The low hiring environment and subdued rate of workers voluntarily leaving their jobs risks pushing layoffs higher. Having already dialed back new hires and no longer seeing much natural attrition, companies are left with pink slips as the remaining lever to pull to restrain labor cost growth. The layoff rate remained at 1.1% in December ([chart](#)). More recent data on initial jobless claims through January also suggest current layoff activity remains in check. That said, more forward-looking data from Challenger show job cut announcements trending higher. While announcements have not risen to a degree that signal a mass loss in employment, the pickup is a reminder that firms are not opposed to cutting headcount when other options have been exhausted.



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



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