Datanote: US JOLTS, October

In one line: The first estimate of job postings is noisy; labor demand is still weakening.

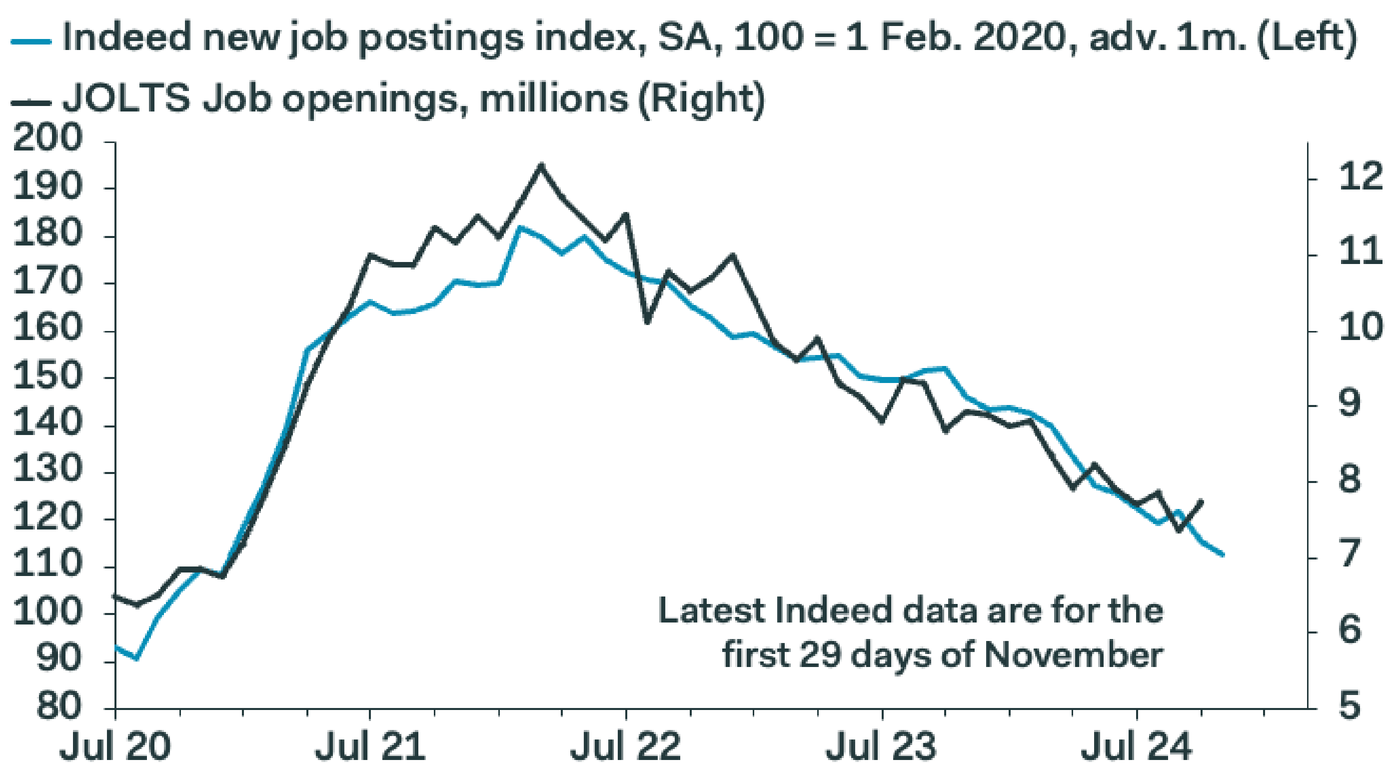
- JOLTS job openings increased to 7,774K in October, from 7,372K in September, above the consensus, 7,519K.

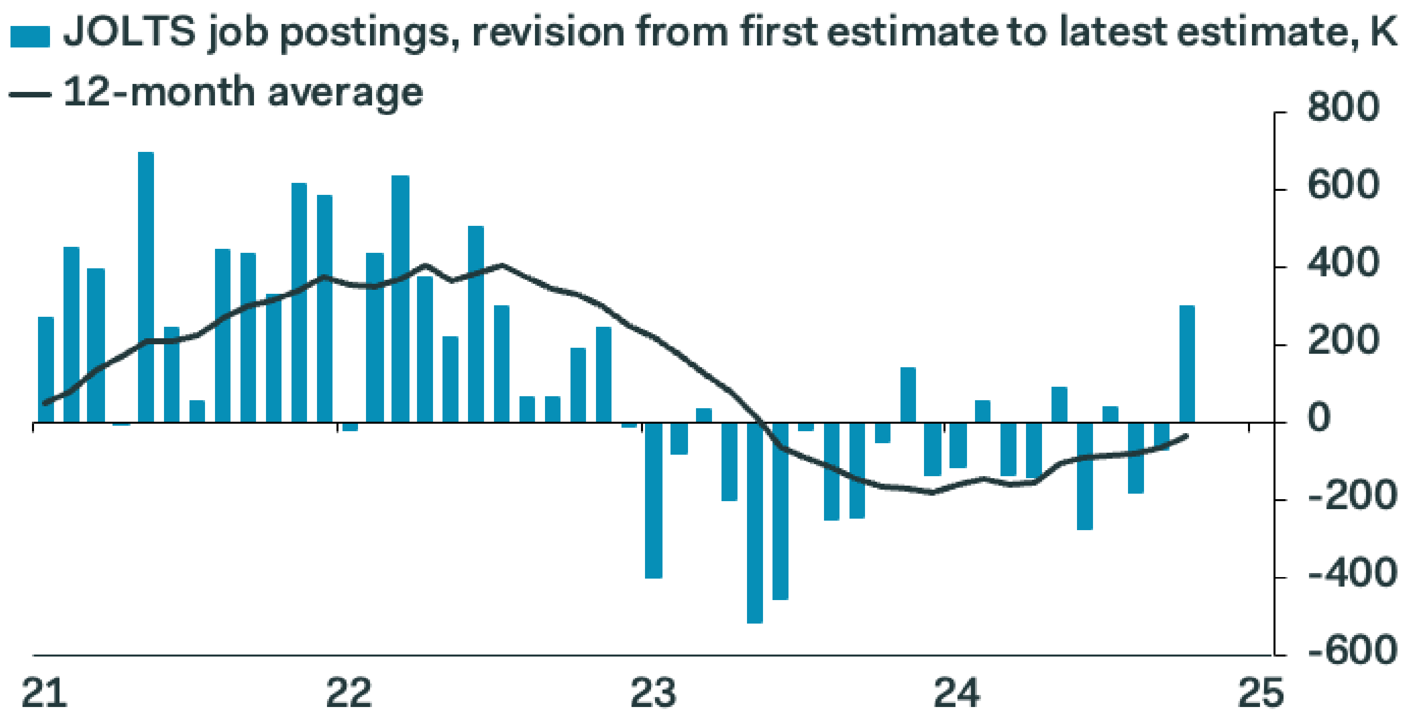
It would be unwise to infer from October's month-to-month increase in job postings that labor demand is picking up. October postings were still a hefty 4.4% below their average in the first nine months of 2024, and the first estimate has been revised down by 138K, or 1.5%, on average since the start of 2023. Indeed's timelier daily measure of new job postings—which is a better indicator of near-term labor demand than total JOLTS postings, as old job ads tend to go stale—has continued to decline, reaching in November its lowest month-average level since December 2020.

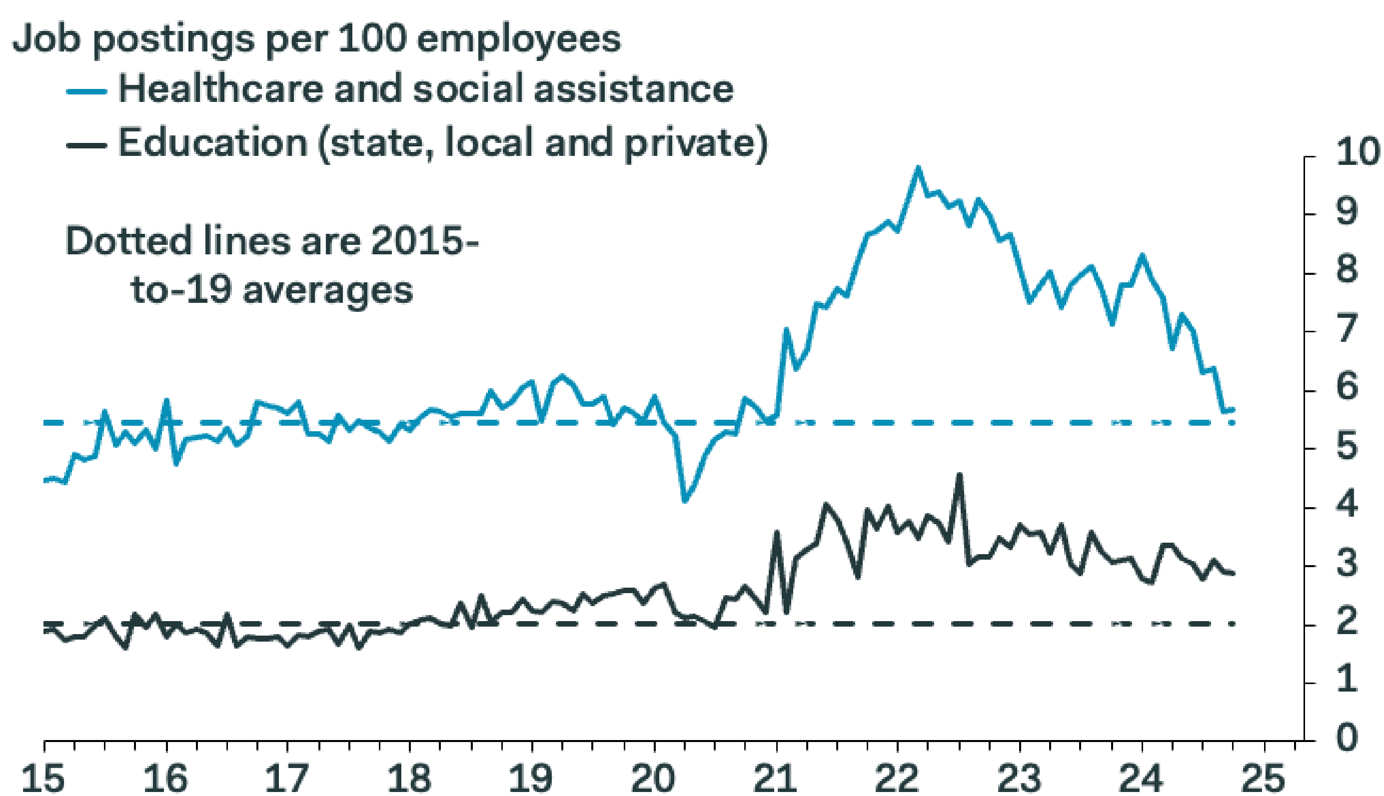
The hiring rate fell to 3.3% in October, from 3.5% in September, converging towards the separations rate, which was stable at 3.3%. Net hiring of 52K in October was well below the 12-month average, 245K, tentatively pointing to an underwhelming post-hurricane recovery in November payrolls. The JOLTS data cover the whole calendar month, so they provide a slightly more up-to-date read on labor market conditions than the payroll data, which refer to employers' pay periods which include the 12th. Accordingly, we continue to doubt that the estimate of October's growth in non-farm payrolls will be revised up materially on Friday and look for a fairly muted 250K rebound in November, consistent with a 125K trend.

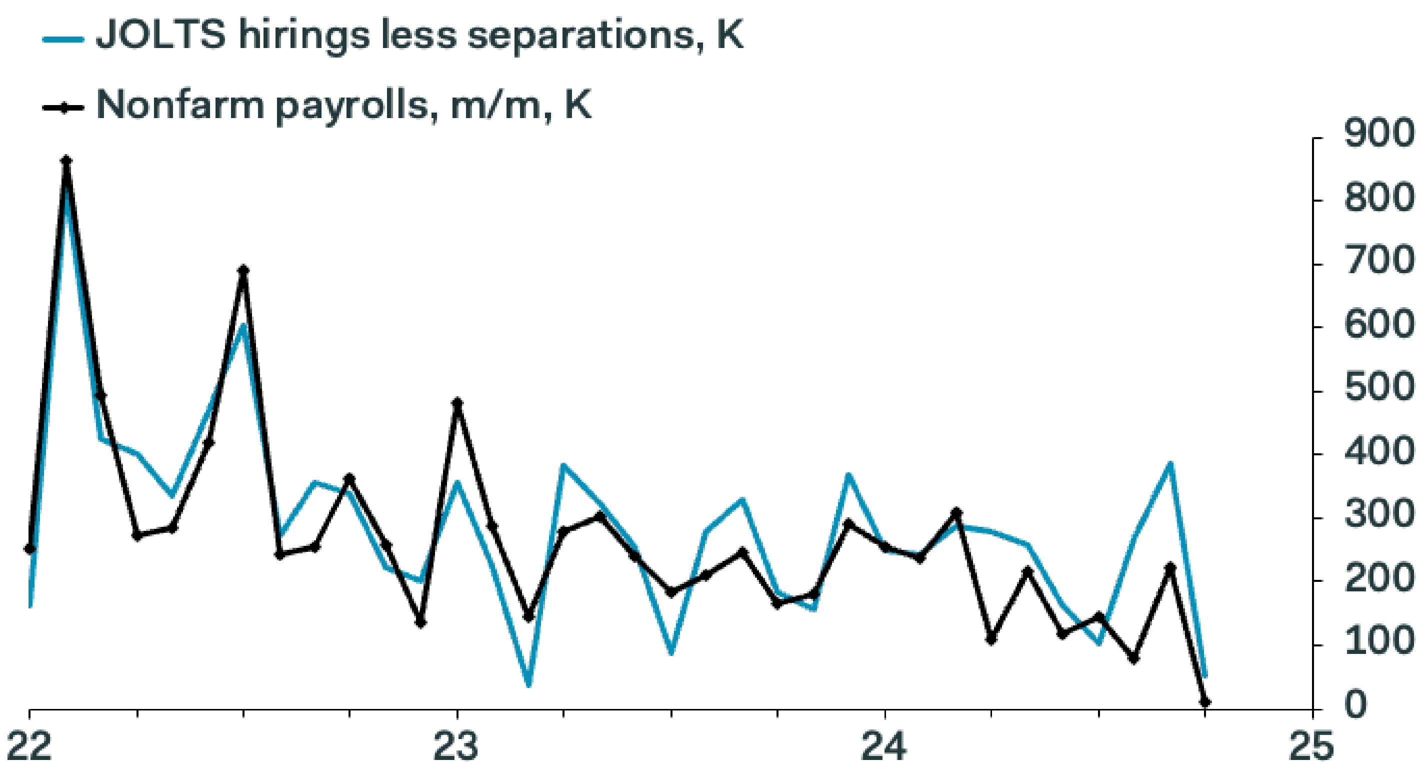
Meanwhile, the ratio of job postings to unemployment—often cited by the FOMC—increased to 1.11 in October, from 1.08 in September, but remained much lower than a year ago, 1.35, and within touching distance of its 2015-

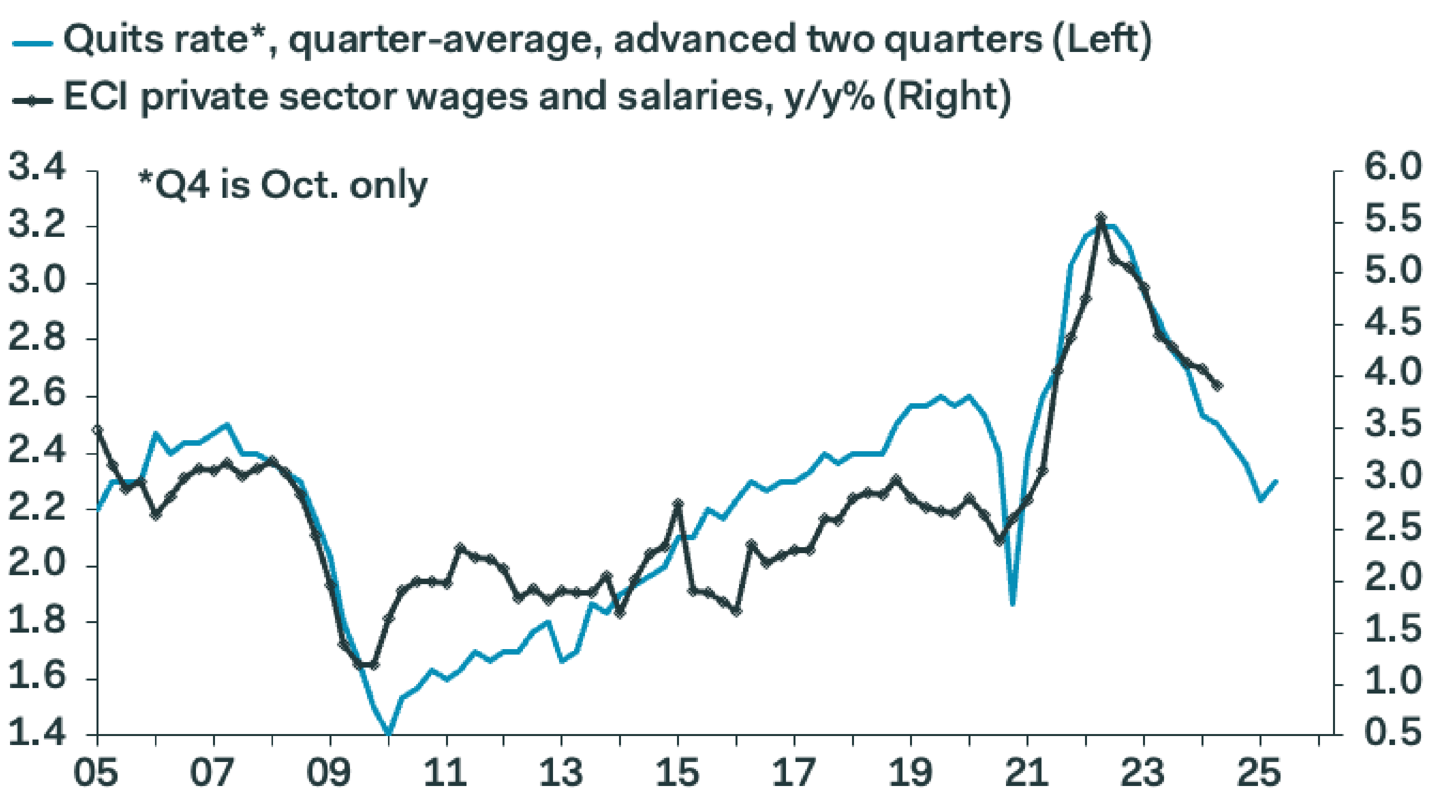
to-19 average, 0.93. In addition, the private sector quits rate increased to 2.3% in October, from 2.2% in September, but remained slightly below its 2.4% average in the second half of the 2010s. Both indicators point to a further slowdown in year-over-year growth in the ECI measure of private sector wages and salaries to about 3.0% early next year, from 3.8% in Q3 That's probably below the rate required for core PCE inflation to average 2% in the medium term, given the solid near-2% trend in productivity growth. Accordingly, the latest JOLTS data provide good grounds for the FOMC to ease policy again this month.




JOLTS job postings, revision from first estimate to latest estimate, K
12-month average
800
600
400
200
0
-200
-400
-600
21
22
23
24
25


Job postings per 100 employees
Healthcare and social assistance
Education (state, local and private)
Dotted lines are 2015-to-19 averages
10
9
8
7
6
5
4
3
2
1
0
15
16
17
18
19
20
21
22
23
24
25


JOLTS hirings less separations, K
Nonfarm payrolls, m/m, K
900
800
700
600
500
400
300
200
100
0
22
23
24
25


Quits rate*, quarter-average, advanced two quarters (Left)
ECI private sector wages and salaries, y/y% (Right)
*Q4 is Oct. only
3.4
3.2
3.0
2.8
2.6
2.4
2.2
2.0
1.8
1.6
1.4
6.0
5.5
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
05
07
09
11
13
15
17
19
21
23
25