Datanote: US JOLTS, December

In one line: Labor demand still deteriorating, amid tight monetary policy and elevated uncertainty.

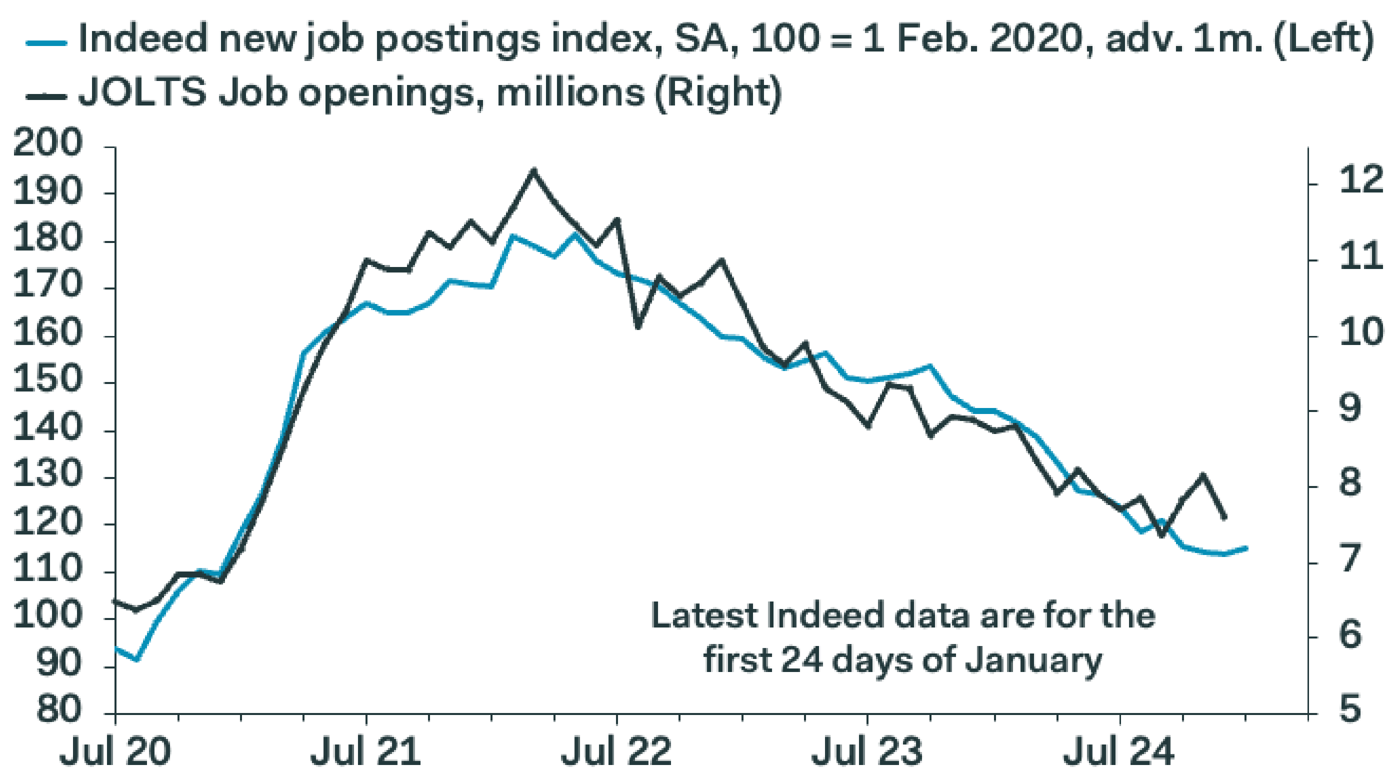
- JOLTS job openings fell to 7,600K in December, from 8,156K in November, well below the consensus, 8,000K.

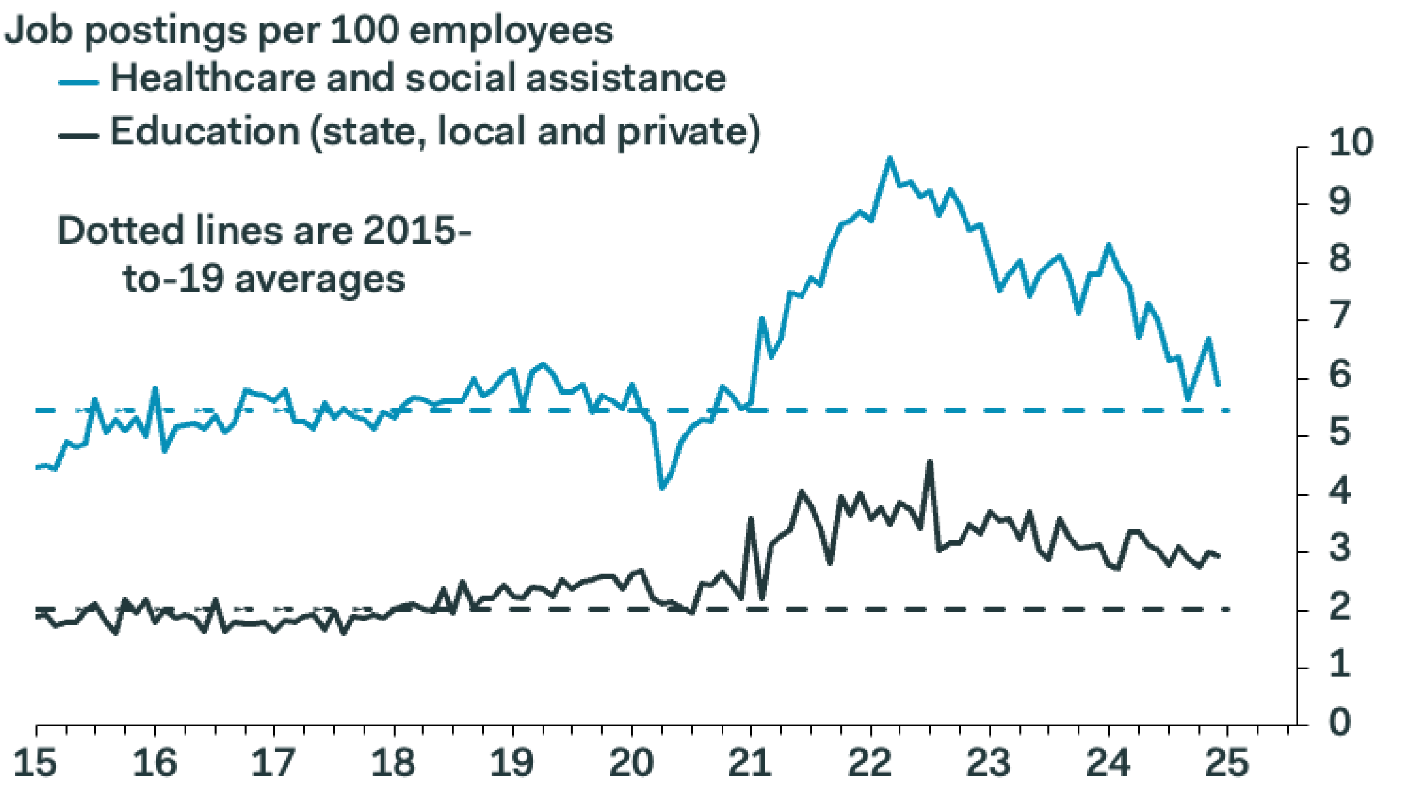
The plunge in the JOLTS measure of job openings demonstrates that monetary policy remains tight enough, and uncertainty over future government policy is elevated enough, to stifle businesses' expansion plans. The 7% drop in total openings leaves them essentially in line with the weakness signalled by Indeed's less volatile measure of job postings, which remained weak in January. JOLTS Openings dropped sharply across the private healthcare, business services, manufacturing and construction sectors. The ratio of postings to employees in the healthcare sector now is almost back in line with its pre-Covid norm, suggesting little further scope for catch-up growth in healthcare payrolls ahead.

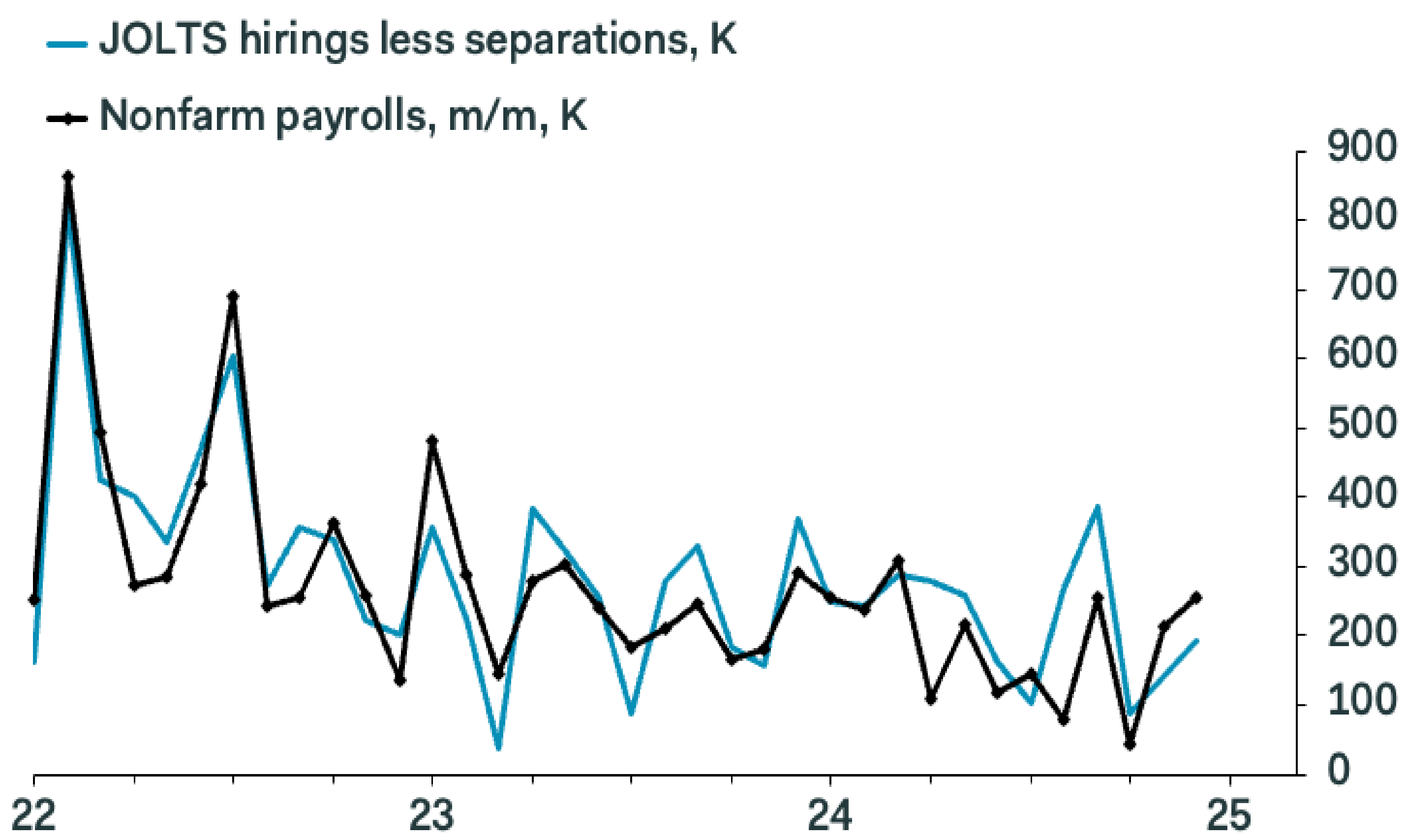
Net hiring—total hirings less total separations—increased to 193K in December, from 142K in November, but remained below the 236K average increase in the previous 12 months, supporting our strong view that the 256K jump in December payrolls is nowhere near sustainable. The JOLTS numbers cover the whole 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. At the margin, the data support our below-consensus forecast of a 125K increase in January payrolls; our estimate assumes a correction after the December jump and also incorporates a hit from unusually heavy snowfall and cold temperatures in the first half of January.

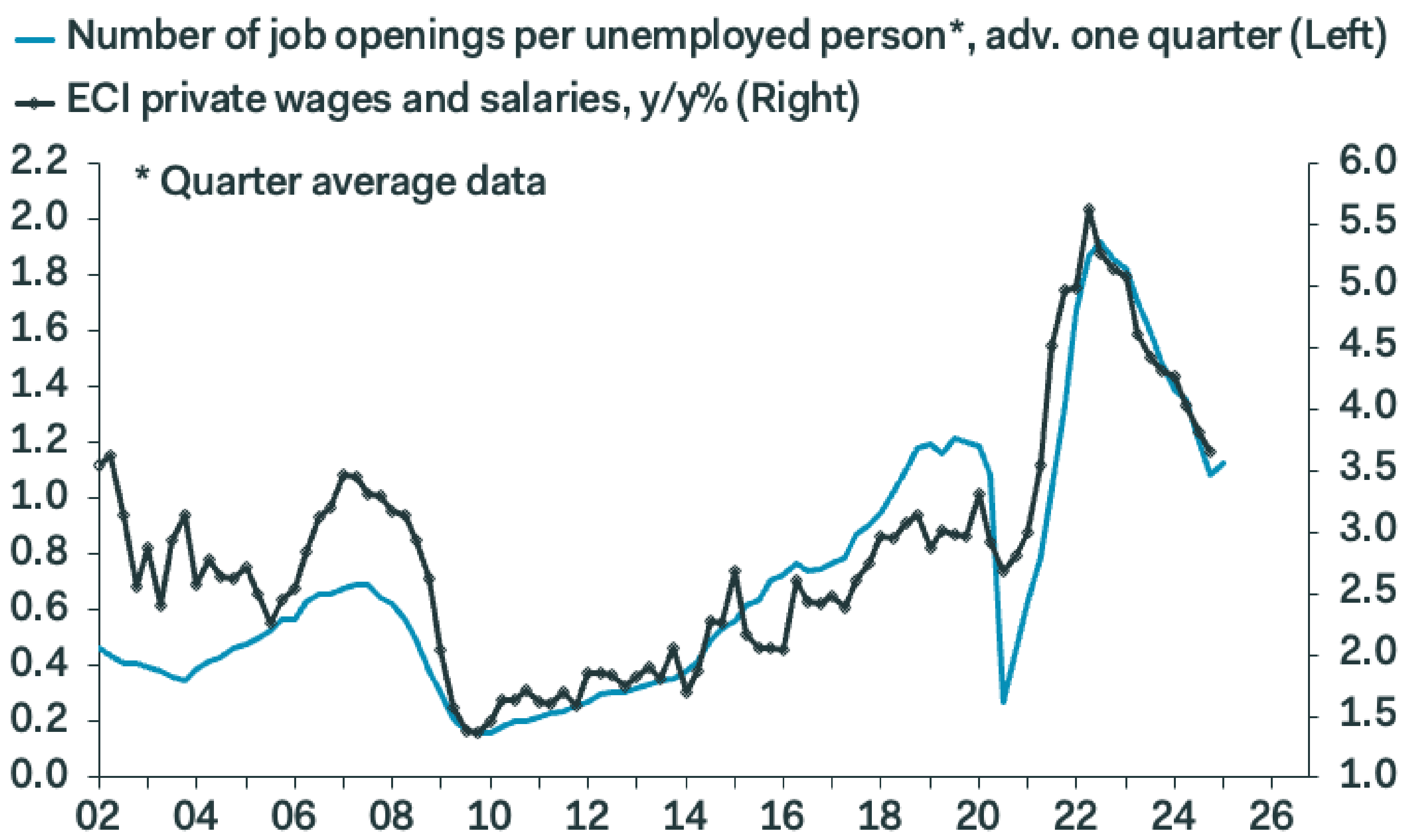
Meanwhile, the ratio of job postings

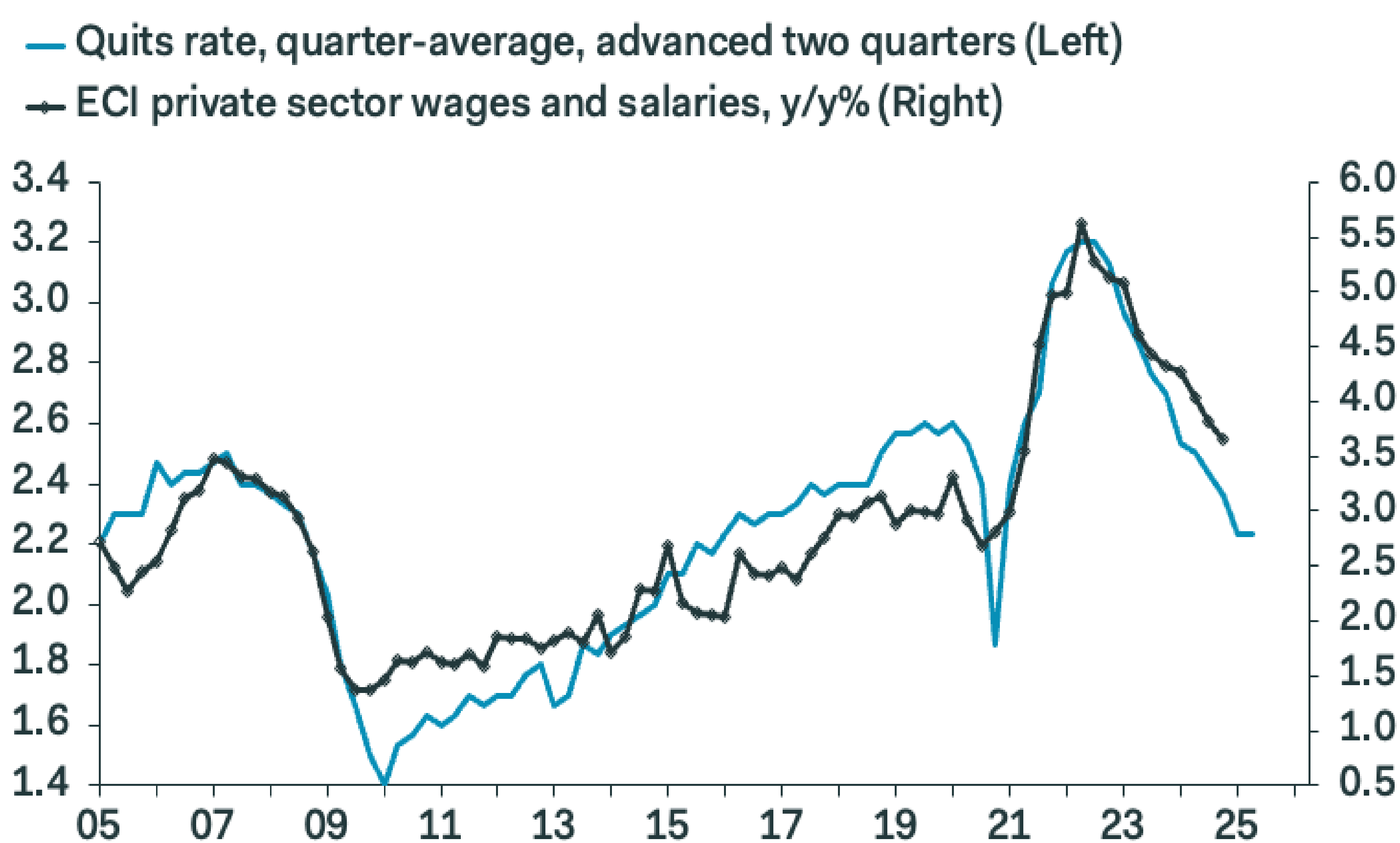
to unemployment fell to 1.10 in December, from 1.15 in November, and now is within touching distance of its 2015-to-19 average, 0.93. In addition, the quits rate remained at 2.0% in December, pointing to scope for year-over-year growth in the ECI measure of private sector wages and salaries to slow to about 3% during 2025, from 3.6% in Q4. Admittedly, the unwinding of a calendar effect looks set to support an above-trend 0.4% increase in January average hourly earnings. But with labor demand still very muted and few people moving positions, the outlook remains for subdued wage growth in 2025 as a whole.




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


Number of job openings per unemployed person*, adv. one quarter (Left)
ECI private wages and salaries, y/y% (Right)
* Quarter average data
2.2
2.0
1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
6.0
5.5
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
02
04
06
08
10
12
14
16
18
20
22
24
26


Quits rate, quarter-average, advanced two quarters (Left)
ECI private sector wages and salaries, y/y% (Right)
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