

Job Openings Rise as Manufacturing Slows



The U.S. Department of Labor's [Job Openings and Labor Turnover Survey](#) showed a slight increase in available manufacturing roles in December, while the [ISM® Manufacturing Purchasing Managers' Index®](#) highlighted a reduction in manufacturing activity between December and January. NAM Chief Economist Chad Moutray explained what we saw and what it all means.

Creators Wanted: “There were 856,000 manufacturing job openings in December, inching up from 853,000 in November but down from a record 955,000 in October,” said Moutray. “More importantly, it was the ninth straight month with openings that have exceeded 800,000, averaging 883,000 over that time frame.... Overall, job postings remain well above pre-pandemic levels, as companies ramp up activity and need more workers to meet the additional capacity.”

The big picture: “In the larger economy, nonfarm business job openings rose

from 10,775,000 in November to 10,925,000 in December, which was not far from the record set in July, which was 11,098,000,” said Moutray. “There were 6,319,000 unemployed Americans in December, which translated into 57.8 unemployed workers for every 100 job openings in the U.S. economy. That number speaks to the extreme tightness of the labor market, with more job openings than people looking for work.”

Quits fall but stay high: “Total quits in the nonfarm business economy pulled back from a record 4,499,000 in November to 4,338,000 in December, which remained the third-highest reading in the survey’s history and speaks to the high degree of ‘churn’ in the labor market, exacerbating the workforce difficulties that companies are experiencing,” said Moutray. “For manufacturers, the number of quits rose from 294,000 in November to 308,000 in December, remaining highly elevated and not far from the all-time high of 324,000 recorded in September.”

Activity slows: “Manufacturing activity decelerated in January, with supply chain, workforce, COVID-19 and price issues weighing heavily on sentiment despite solid (but slowing) demand,” said Moutray. “Omicron’s advance continues to place a significant weight on manufacturing operations and on the economy, raising the real concern that a stubbornly high rate of unvaccinated individuals will continue to hold us back. The ISM® Manufacturing Purchasing Managers’ Index® declined from 58.8 in December to 57.6 in January, with eased growth for new orders (down from 61.0 to 57.9), production (down from 59.4 to 57.8) and inventories (down from 54.6 to 53.2). Encouragingly, employment (up from 53.9 to 54.5) improved for the fifth straight month, and exports (up from 53.6 to 53.7) strengthened marginally.”

Costs rise: “Cost pressures continued to be highly elevated, with the index for prices rising from 68.2 in December to 76.1 in January,” said Moutray. “This measure peaked at 92.1 in June, when price growth was the fastest since July 1979, but continues to expand at an extraordinary pace. Inflation remained the number-one concern in the most recent [NAM Manufacturers’ Outlook Survey](#).”

Snarled supply chains hamper deliveries: “The index for supplier deliveries (down from 64.9 to 64.6) improved slightly in the latest ISM® survey, but continued to reflect long wait times for deliveries, consistent with supply chain challenges seen over much of the past year,” said Moutray.