

MONDAY ECONOMIC REPORT



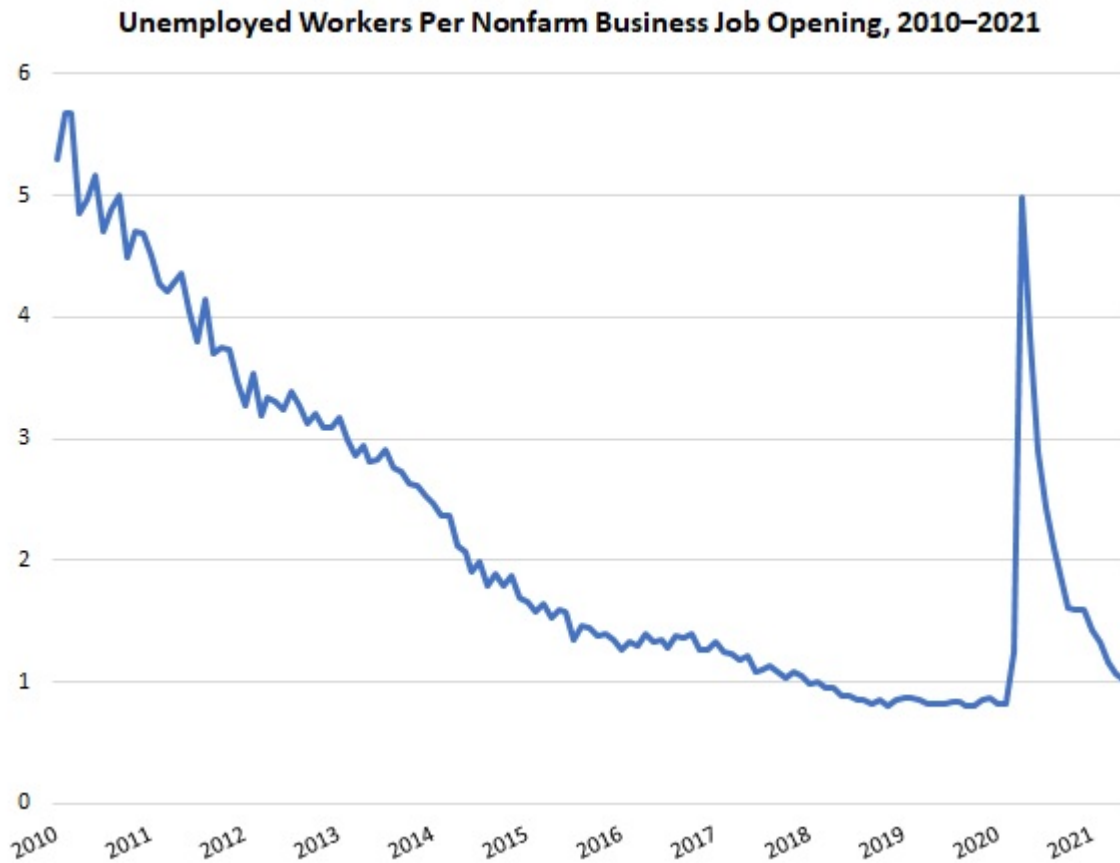
Labor Market Back to One Job Opening for Every Unemployed Worker

By Chad Moutray – July 12, 2021

The Weekly Toplines

- [Manufacturing job openings](#) eased slightly from a record 825,000 in April to 814,000 in May but remained very elevated. With strong demand and a need to ramp up production, manufacturers must hire more workers to be able to increase capacity, pushing job postings to unprecedented levels.
- These data offer an encouraging sign that manufacturers feel confident enough about economic growth over the coming months for their businesses to post new jobs. Yet, manufacturing business leaders [continue to cite](#) difficulties with attracting and retaining talent as one of their top concerns.
- Nonfarm business job openings rose from 9,193,000 in April to 9,209,000 in May, a new record. The May survey reported 9,316,000 unemployed Americans, which translates to 1.01 unemployed workers for every one job opening in the U.S. economy. That figure represents a phenomenal improvement from 4.99 unemployed workers for every one job opening in April 2020.
- Nonfarm business layoffs dropped from 1,450,000 in April to 1,368,000, the lowest level on record for a series dating to December 2000. Meanwhile, layoffs in the manufacturing sector edged down from 112,000 to 110,000.
- [Initial unemployment claims](#) totaled 373,000 for the week ending July 2, little changed from 371,000 for the week ending June 26 and remaining near a post-pandemic low.
- [U.S. consumer credit outstanding](#) jumped 11.0% in May. Americans had been less willing to take on revolving credit, with many paying down their balances over the course of the past year. This suggests that consumers were opening their wallets more in May, incurring more debt in the process.
- Financial market participants worried last week about the spread of the Delta variant of COVID-19 globally, pushing Treasury yields to the lowest rates since February and weighing on equity markets. This trend stands in contrast to what has otherwise been a solid outlook for the second half of this year. However, increased vaccination rates have always been the key to reducing the risk of additional outbreaks and renewed restrictions.
- Releases this week will comprise several key readings on the health of the U.S. economy, including updates on consumer and producer prices, industrial production and retail sales.

- Manufacturers [continue to be challenged](#) by accelerated price growth and will be looking for signs of stabilization on the inflation front in the coming months, if not in the June data that will be released this week.
- For its part, the Federal Reserve has been banking on sizable price growth being transitory. However, incoming data could force its hand to start tapering asset purchases and hiking interest rates faster than currently outlined.



Economic Indicators

Last Week's Indicators:
(Summaries Appear Below)

Monday, July 5
INDEPENDENCE DAY HOLIDAY
(Observed)

Tuesday, July 6
None

Wednesday, July 7
Job Openings and Labor Turnover Survey

Thursday, July 8
Consumer Credit
Weekly Initial Unemployment Claims

This Week's Indicators:

Monday, July 12
None

Tuesday, July 13
Consumer Price Index
NFIB Small Business Survey

Wednesday, July 14
Producer Price Index

Thursday, July 15
Industrial Production
New York Fed Manufacturing Survey
Philadelphia Fed Manufacturing Survey
Weekly Initial Unemployment Claims

Friday, July 9

None

Friday, July 16

Retail Sales

University of Michigan Consumer Sentiment
(Preliminary)

Deeper Dive

- **Consumer Credit:** U.S. consumer credit outstanding jumped 11.0% in May, building on the 5.78% gain seen in April. More importantly, revolving credit, which includes credit cards and other credit lines, soared 11.4% in May, rebounding from the 1.2% decline seen in April. Americans had been less willing to take on revolving credit, with many paying down their balances over the course of the past year. Indeed, even with the healthy increase in May, revolving credit has fallen 2.2% year-over-year or 11.2% since pre-pandemic levels in February 2020. The very solid reading in May coincides with a strengthened outlook and should correlate with increased consumer spending.

Meanwhile, nonrevolving credit, which includes auto and student loans, rose 9.5% in May, with 5.6% growth year-over-year or 5.9% over the past 15 months. Overall, U.S. consumer credit outstanding has increased 3.7% over the past 12 months, with a gain of 1.5% since February 2020.

- **Job Openings and Labor Turnover Survey:** Manufacturing job openings eased slightly from a record 825,000 in April to 814,000 in May but remained very elevated. In May, job openings eased a bit from all-time highs in April for both durable (down from 462,000 to 458,000) and nondurable (down from 364,000 to 357,000) goods. With strong demand and a need to ramp up production, manufacturers must hire more workers to be able to increase capacity, pushing job postings to unprecedented levels. These data offer an encouraging sign that manufacturers feel confident enough about economic growth over the coming months for their businesses to post new jobs. Yet, manufacturing business leaders [continue to cite](#) difficulties with attracting and retaining talent as one of their top concerns.

In the larger economy, nonfarm business job openings rose from 9,193,000 in April to 9,209,000 in May, a new record. The May survey reported 9,316,000 unemployed Americans, which translates to 1.01 unemployed workers for every one job opening in the U.S. economy. That figure represents a phenomenal improvement from 4.99 unemployed workers for every one job opening in April 2020, reflecting a sizable tightening in the labor market in recent months. (Before the pandemic took hold, the February 2020 survey reported 0.82 unemployed workers for every one job opening in the economy, pointing to a tremendous amount of volatility in this measure over the past 15 months.)

In May, manufacturers hired 417,000 workers, up from 399,000 in April, with increased hiring for both durable and nondurable goods firms. At the same time, total separations fell from 427,000 to 392,000. Therefore, net hiring (or hiring minus separations) was 25,000 in May, rebounding from -28,000 in April.

Finally, nonfarm business layoffs dropped from 1,450,000 in April to 1,368,000, the lowest level on record for a series dating to December 2000. Meanwhile, layoffs in the manufacturing sector edged down from 112,000 to 110,000, close to the average of

the past 10 months of 105,200.

- **[Weekly Initial Unemployment Claims](#)**: Initial unemployment claims totaled 373,000 for the week ending July 2, little changed from 371,000 for the week ending June 26. As such, it remained near a post-pandemic low. Meanwhile, continuing claims edged down from 3,484,000 for the week ending June 19 to 3,339,000 for the week ending June 26, also near the lowest level since the COVID-19 pandemic began. Continuing claims were consistent with 2.4% of the workforce, down from 2.5% in the previous report.

At the same time, 14,209,007 Americans received some form of unemployment insurance benefit (including state and federal programs) for the week ending June 19. That figure declined somewhat from 14,658,649 for the week ending June 12, largely on reduced pandemic assistance.

Take Action

- **Best Practices on Manufacturing Engagement and Retention Webinar**— The Manufacturing Institute and the American Psychological Association examined best practices for retention among manufacturers and explored the motivating factors that affect worker retention using both a survey and structured interviews. Join the Institute and the APA on Tuesday, July 20, at 11:00 a.m. EDT for a webinar on the findings of that analysis. The webinar will focus on work flexibility and employee satisfaction, recognition and experiences and feature a “retention toolbox” for managers. Panelists include former APA Senior Director of the Office of Applied Psychology David Ballard and Schneider Electric Senior Vice President of Human Resources Mai Lan Nguyen. Click [here](#) to register.

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