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MONDAY ECONOMIC REPORT



Essential Takes on Leading Economic Indicators

By [Chad Moutray, Ph.D., CBE](#) – October 13, 2020– [SHARE](#)   

Manufacturing Job Openings Reached 460,000 in August, Best Since July 2019

The Weekly Toplines

- [Manufacturing job openings](#) in August reached 460,000, up from 430,000 in July and the best reading since July 2019 (477,000). With that said, nonfarm business job openings declined from 6,697,000 in July to 6,493,000 in August, with fewer postings in construction, financial activities, health care, information and retail trade.
- Overall, 13,550,000 Americans were unemployed in August, down significantly from 23,078,000 in April but up sharply from 5,787,000 in February. That translates into 2.1 unemployed workers for every one job opening in August, down from 4.6 in April but up from 0.8 in February.
- [Initial unemployment claims](#) totaled 840,000 for the week ending Oct. 3 and have changed little over the past six weeks, averaging 867,500 over that time frame. Meanwhile, continuing claims declined to 10,976,000 for the week ending Sept. 26, consistent with 7.5% of the workforce.
- [U.S. consumer credit outstanding](#) declined 2.1% in August, led by an 11.3% decrease in revolving credit, which includes credit cards and other credit lines. It was the sixth straight monthly decline in revolving credit, falling 9.2% year-over-year. This decline suggests that Americans have not only reduced their willingness to take on more credit, but they have also paid down some of their existing credit balances.
- The [U.S. trade deficit](#) rose to the highest level since August 2006, with goods imports rising faster than the increase in goods exports. The goods trade deficit rose to a new record. At the same time, the service-sector trade surplus dropped to the lowest level since January 2012.
- In non-seasonally adjusted data, U.S.-manufactured goods exports [totaled](#) \$622.72 billion through the first eight months of 2020, dropping 17.31% from \$753.07 billion for the same time frame in 2019.
- There will be important updates on industrial production this week. Manufacturing production has increased in each of the past four months, but

output remained 6.7% below the pre-pandemic pace in February. Production should continue to expand in September's release, but manufacturers will be looking for signs of possible slowing.

- Similarly, new retail sales data for September—released on Friday—will provide some clues as to whether consumers have pulled back on spending, or if purchasing continues to expand for the fifth straight month.

Unemployed Workers Per Nonfarm Business Job Opening, 2010–2020



Economic Indicators

Last Week's Indicators:
(Summaries Appear Below)

Monday, October 5
None

Tuesday, October 6
International Trade Report
Job Openings and Labor Turnover Survey

Wednesday, October 7
Consumer Credit

Thursday, October 8
Weekly Initial Unemployment Claims

This Week's Indicators:

Monday, October 12
COLUMBUS DAY HOLIDAY

Tuesday, October 13
Consumer Price Index
NFIB Small Business Survey

Wednesday, October 14
Producer Price Index

Thursday, October 15
New York Fed Manufacturing Survey
Philadelphia Fed Manufacturing Survey
Weekly Initial Unemployment Claims

Friday, October 9

None

Friday, October 16*Industrial Production**Retail Sales**University of Michigan Consumer Sentiment (Preliminary)***Deeper Dive**

- **Consumer Credit:** U.S. consumer credit outstanding declined 2.1% in August, led by an 11.3% decrease in revolving credit, which includes credit cards and other credit lines. It was the sixth straight monthly decline in revolving credit, falling 9.2% year-over-year. This decline suggests that Americans have not only reduced their willingness to take on more credit, but they have also paid down some of their existing credit balances. In contrast, nonrevolving credit, which includes auto and student loans, rose 0.8% in August, increasing 3.8% over the past 12 months. Overall, U.S. consumer credit outstanding has risen just 0.4% since August 2019.
- **International Trade Report:** The U.S. trade deficit rose to the highest level since August 2006, jumping from \$63.37 billion in July to \$67.10 billion in August. Goods imports increased from \$196.44 billion to \$202.96 billion, the best reading since January. That was enough to outpace the growth in goods exports, which rose from \$115.62 billion to \$119.10 billion, a five-month high. More importantly, the goods trade deficit soared from \$80.81 billion to \$83.86 billion, a new record. In addition, the service-sector trade surplus has fallen across this year, down from \$24.30 billion at the end of last year to \$16.76 billion in August, the lowest level since January 2012.

In August, strong growth in goods exports occurred for industrial supplies and materials (up \$3.85 billion) and foods, feeds and beverages (up \$1.08 billion, largely from soybeans), but nonautomotive capital goods exports declined \$1.42 billion. For goods imports, large increases occurred for consumer goods (up \$3.82 billion), automotive vehicles, parts and engines (up \$1.66 billion), nonautomotive capital goods (up \$830 million) and foods, feeds and beverages (up \$687 million), with industrial supplies and materials down \$1.55 billion. Consumer goods imports soared to a record high, at \$57.85 billion in August.

In non-seasonally adjusted data, U.S.-manufactured goods exports totaled \$622.72 billion through the first eight months of 2020, dropping 17.31% from \$753.07 billion for the same time frame in 2019.

- **Job Openings and Labor Turnover Survey:** Manufacturing job openings in August reached 460,000, up from 430,000 in July and the best reading since July 2019 (477,000). This improvement suggests that firms are once again increasing their interest in adding new workers, even as the sector attempts to rebound from the COVID-19 pandemic and the overall labor market has changed dramatically. With that said, nonfarm business job openings declined

from 6,697,000 in July to 6,493,000 in August, with fewer postings in construction, financial activities, health care, information and retail trade.

Overall, 13,550,000 Americans were unemployed in August, down significantly from 23,078,000 in April but up sharply from 5,787,000 in February. That translates into 2.1 unemployed workers for every one job opening in August, down from 4.6 in April but up from 0.8 in February. (In September [jobs data](#), the unemployment level dropped further to 12,580,000.)

In August, manufacturers hired 392,000 workers, up from 341,000 in July with increases for both durable and nondurable goods firms. At the same time, total separations declined from 359,000 to 332,000. Net hiring (or hiring minus separations) was 60,000 in August, an improvement after falling by 18,000 in July.

Encouragingly, nonfarm business layoffs decreased from 1,745,000 in July to 1,473,000 in August, an all-time low. Meanwhile, layoffs in the manufacturing sector declined from 154,000 to 105,000, a 10-month low.

- **[Weekly Initial Unemployment Claims](#)**: Initial unemployment claims totaled 840,000 for the week ending Oct. 3, edging down from 849,000 for the week ending Sept. 26. Initial claims have decelerated since peaking at 6,867,000 for the week ending March 28, but they have changed little over the past six weeks, averaging 867,500 over that time frame. Overall, initial claims remain highly elevated, illustrating continuing pain in the labor market and remaining well above what was seen during the Great Recession. Along those lines, initial claims peaked during the Great Recession at 665,000 for the week ending March 28, 2009.

Meanwhile, continuing claims declined from 11,979,000 for the week ending Sept. 19 to 10,976,000 for the week ending Sept. 26. This was consistent with 7.5% of the workforce, down from 8.2% in the previous report. These data have also eased notably since peaking at 24,912,000 for the week ending May 9, even as it remains clear that too many Americans remain unemployed in the U.S. economy overall.

Along those lines, 25,505,499 Americans received some form of unemployment insurance benefit for the week ending Sept. 19, up from 26,508,678 for the week ending Sept. 12.

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