Job openings decline sharply in December to 7.6 million, below forecast

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KEY POINTS

- Available positions tumbled to 7.6 million, the lowest since September, and below the Dow Jones estimate for 8 million.
- Though the JOLTS report runs a month behind other jobs data, the Federal Reserve watches it closely for signs of a slack or tight labor market.

VIDEO 02:14

Job openings and labor turnover 7.6M vs. 8.0M estimated

Job openings slid in December while hiring, voluntary quits and layoffs held steady, the Labor Department reported Tuesday.

Available positions tumbled to 7.6 million, the lowest since September, and below the Dow Jones estimate for 8 million, the Bureau of Labor Statistics said in its monthly Job Openings and Labor Turnover Survey. The decline left the ratio of open jobs to available workers at 1.1 to 1.

Though the report runs a month behind other jobs data, the Federal Reserve watches it closely for signs of a slack or tight labor market.

While the net gain in nonfarm payrolls picked up in the month by 256,000, the level of openings fell by 556,000. As a share of the labor force, openings declined to 4.5%, or 0.4 percentage point below November.

Professional and business services saw a drop of 225,000, while private education and health services declined by 194,000, and financial activities decreased by 166,000.

Major stock market averages rose following the news while Treasury yields were mixed as the report showed a relatively healthy labor market as 2024 came to a close.

Layoffs totaled 1.77 million for the month, down just 29,000, while hires nudged up to 5.46 million and quits also saw a small gain to near 3.2 million. Total separations also moved little, at 5.27 million.

The report comes just a few days ahead of the BLS release of the nonfarm payrolls count for January. That is expected to show an addition of 169,000 jobs, with the unemployment rate holding steady at 4.1%.

Fed officials in recent days have expressed caution about the future path of monetary policy as they watch both the impact of a series of interest rate cuts last year as well as fiscal policy involving potential tariffs against the largest U.S. trading partners. The central bank last week opted to hold its benchmark borrowing rate steady at 4.25% to 4.50%, and markets don't expect further reductions until at least June.

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