Yields Decline as More Labor Market Cracks Emerge

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Total job openings in the July JOLT survey unexpectedly fell by -176k to 7.18 million, the lowest since December 2020 and nearly five million below the historical peak from March 2022. Details within this morning's release of the Job Openings and Labor Turnover Survey showed available healthcare positions dropped to their lowest level since 2021. This is of particular importance since the healthcare sector has been a major contributor to monthly payroll gains over the past year.

The ratio of available jobs to jobseekers fell from 1.05 to 0.99, *indicating fewer jobs than workers* for the first time since last July. At its peak in March 2022, there were two job postings for every American seeking work, while the pre-pandemic norm was approximately 1.2 to 1.0. Although the JOLTS response rate is poor and revisions can be significant, it's apparent that jobs are now harder to find.

At the same time, employers long reluctant to let workers go in the midst of a historically tight labor market are reducing staff. The number of layoffs in June was revised sharply upward from 1.6 million to 1.796 million, while July layoffs climbed further to 1.808 million. Although this is an extremely volatile and frequently revised series, the general trend is clearly moving higher.

The bond market appeared to rally after the JOLTS release as the report suggested additional labor market weakness just two days before the release of the August employment report. The Bureau of Labor Statistics (BLS), responsible for both the JOLTS and the monthly employment report, has been criticized by the Trump administration for releasing perceived inaccurate data that contradicted the president's message of economic strength.

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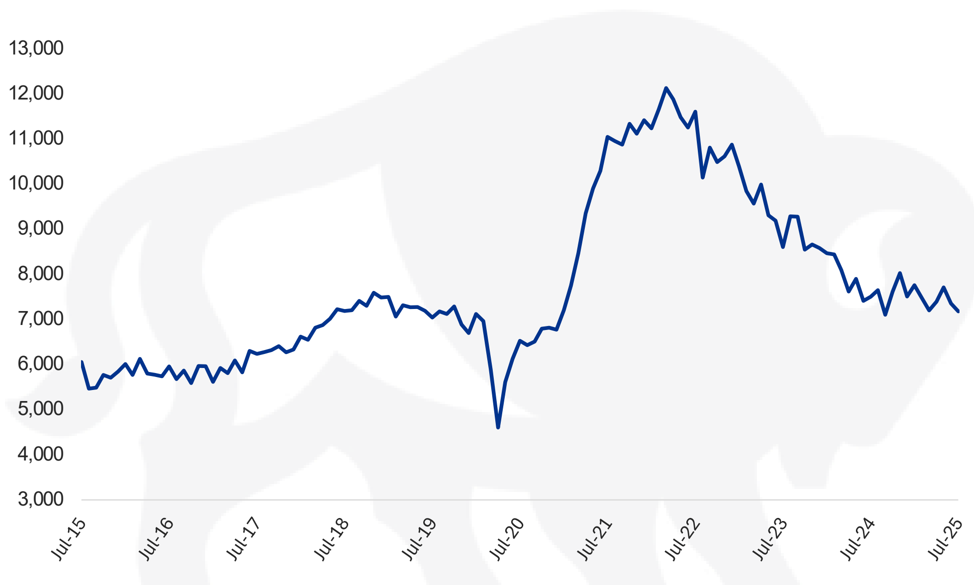
JOLTS - Job Opening and Labor Turnover Survey (in thousands)



Source: Bureau of Labor Statistics

This morning's JOLTS weakness hints at another tepid labor report on Friday morning. Ironically, if the Fed were to aggressively ease monetary policy, extreme job loss would drive that decision.

Bond yields are lower across the curve in anticipation of the first rate cut since December likely to be announced by Fed officials two weeks from today.

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Market Indications as of 12:27 P.M. Central Time

DOW	Down -192 to 45,104 (HIGH: 45,637)
NASDAQ	Up 196 to 21,476 (HIGH: 21,713)
S&P 500	Up 23 to 6,439 (HIGH: 6,502)
1-Yr T-bill	current yield 3.77%; opening yield 3.79%
2-Yr T-note	current yield 3.61%; opening yield 3.64%
3-Yr T-note	current yield 3.57%; opening yield 3.61%
5-Yr T-note	current yield 3.68%; opening yield 3.73%
10-Yr T-note	current yield 4.20%; opening yield 4.26%
30-Yr T-bond	current yield 4.89%; opening yield 4.96%