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US JOB OPENINGS REACH RECORD AS HIRING SLOWS

Available positions are increasing in warehouses, factories and restaurants, pointing to a shortage in available labor.

By Eric Morath
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Job openings reached a record level of 8.1 million at the end of March, reflecting a widening gap between open positions and workers willing and able to take those roles.

Available jobs rose by a seasonally adjusted 600,000 in March to exceed the prior record of 7.6 million set in November 2018, the Labor Department said Tuesday. Data from job search site Indeed.com separately showed job posting continued to rise in April, ending the month 24 percent higher than February 2020's pre-pandemic level.

The Labor Department said the highest rate of open jobs was in the South, while the strongest growth in openings was in the Northeast. Government and private data showed increasing openings in construction, manufacturing and hospitality.

The growth in available jobs came as hiring cooled to a seasonally adjusted 266,000 in April from a gain of 770,000 the prior month, the Labor Department said last week.

"Employers are looking to hire, but temporary factors are making people a little hesitant to take jobs," said Nick Bunker, an economist at Indeed. The growing number of available jobs "shows how difficult it is to turn openings into hires."

The Labor Department's job openings data dates back to 2000. The rate of openings, or available jobs as a share of all filled and unfilled positions, was also a record at 5.3 percent in March. That is above the pre-pandemic peak of 4.8 percent in late 2018, when the unemployment rate approached a 50-year low.

Regionally, the South maintained the highest openings rate, at 5.5 percent in March. That region broadly has had fewer restrictions and reopened from pandemic-related restrictions ahead of other parts of the country. The openings rate in the Northeast rose to 5.4 percent in March from 4.7 percent the prior month. New York and other states in the region have more recently acted to ease restrictions. The West had the lowest openings rate, 5.1 percent, but that was well up from February.

There were still more unemployed Americans – 9.7 million in March – than open jobs, but there are several factors economists see for why workers aren't taking available positions. Those include expanded unemployment benefits, fear of contracting Covid-19 and a lack of child care.

Some unemployed workers may not have the skills or desire to take available jobs in fields such as manufacturing, which added 134,000 available jobs in March, or construction, which added 72,000.

Openings in accommodation and food service rose by 185,000 in March to nearly one million. However, average hourly wages in that sector, \$16.63 an hour in March, was in line

with what many people receiving unemployment benefits receive, and workers often start at lower wages.

A lack of available workers for restaurants could also reflect that prospective employees found better-paying jobs at warehouses and other employers, Mr. Bunker said. Average wages in the warehouse industry were more than \$22 an hour in March, and there were about 350,000 jobs available in the broader transportation, warehousing and utilities sector.

Mr. Bunker said that pandemic-related unemployment benefits and partially remote schools – two factors restraining labor supply – should be temporary. A \$300 enhancement to weekly jobless benefits and a nearly 18-month extension of payments for some workers expire in early September. Most students are also expected to attend school in person in the fall, easing child-care issues.

MOCAP LLC, a Park Hills, MO, manufacturer of plastic and rubber components, wants to hire as many as 15 additional workers for the 140-person company, as global demand for its product ramps up. But hiring has been a challenge, Chief Executive Joseph Miller said.

He said the current level of unemployment benefits equates to a competitive wage in his mostly rural community an hour south of St. Louis. “We have heard many times, ‘Why go back to work if I would only get a dollar or two more than benefits?’” on an hourly basis, Mr. Miller said.

MOCAP needs entry-level workers for \$15 an hour and machine operators for \$25 an hour. Both come with vacation and health benefits.

President Biden on Monday said he didn’t see evidence that jobless benefits were keeping Americans from applying for jobs.

The National Federation of Independent Business said Tuesday that 44 percent of small-business owners reported job openings they couldn’t fill in April, the highest level in records dating back to the 1970s. “Finding qualified employees remains the biggest challenge for small businesses and is slowing economic growth,” NFIB chief economist Bill Dunkelberg said. “Owners are raising compensation, offering bonuses and benefits to attract the right employees.”

The growing number of job openings appears at odds with April’s lackluster hiring figures. Earnings and hours worked also rose in April, and the rate at which workers quit their jobs – a proxy for confidence in the labor market – increased to 2.4 percent in March, matching a record high. Those are all signs of a tightening labor market.

Some economists think the Labor Department may be struggling to collect the data and adjust it for seasonal effects during a time of rapid change.

“Our sense is there was something going on with the seasonal adjustment process,” RBC Capital Markets chief US economist Tom Porcelli wrote in a note to clients on Monday. “We know that the April adjustment was more aggressive than in any other April over recent years.”

The US lost more than 20 million jobs a year ago in April at the start of the pandemic.

The Labor Department’s statistical arm has tweaked how it seasonally adjusted payroll data during the pandemic and said more of its data is collected through the internet rather than

personal outreach. However, seasonal adjustments used for the April figures were in line with adjustments made historically, Bureau of Labor Statistics economist Angie Clinton said.

W.W. Cannon LLC, a Dallas company, is seeing increased demand for the equipment it sells and repairs for warehouses and manufacturers, and is looking to hire more workers. The company, now with 20 employees, cut 14 jobs last year during the pandemic, President Greg Brown said.

Now he needs to hire a service technician but is having difficulty finding someone. He recently raised the offered wage to \$30 an hour, from \$25, to attract more applicants. He also has seen little interest in other open positions at the company.

"You just can't find people; people aren't willing to come to work," he said, adding that he thinks enhanced unemployment benefits are dissuading would-be workers. Another factor is a long-term trend of high-school students pursuing college degrees rather than vocational skills.