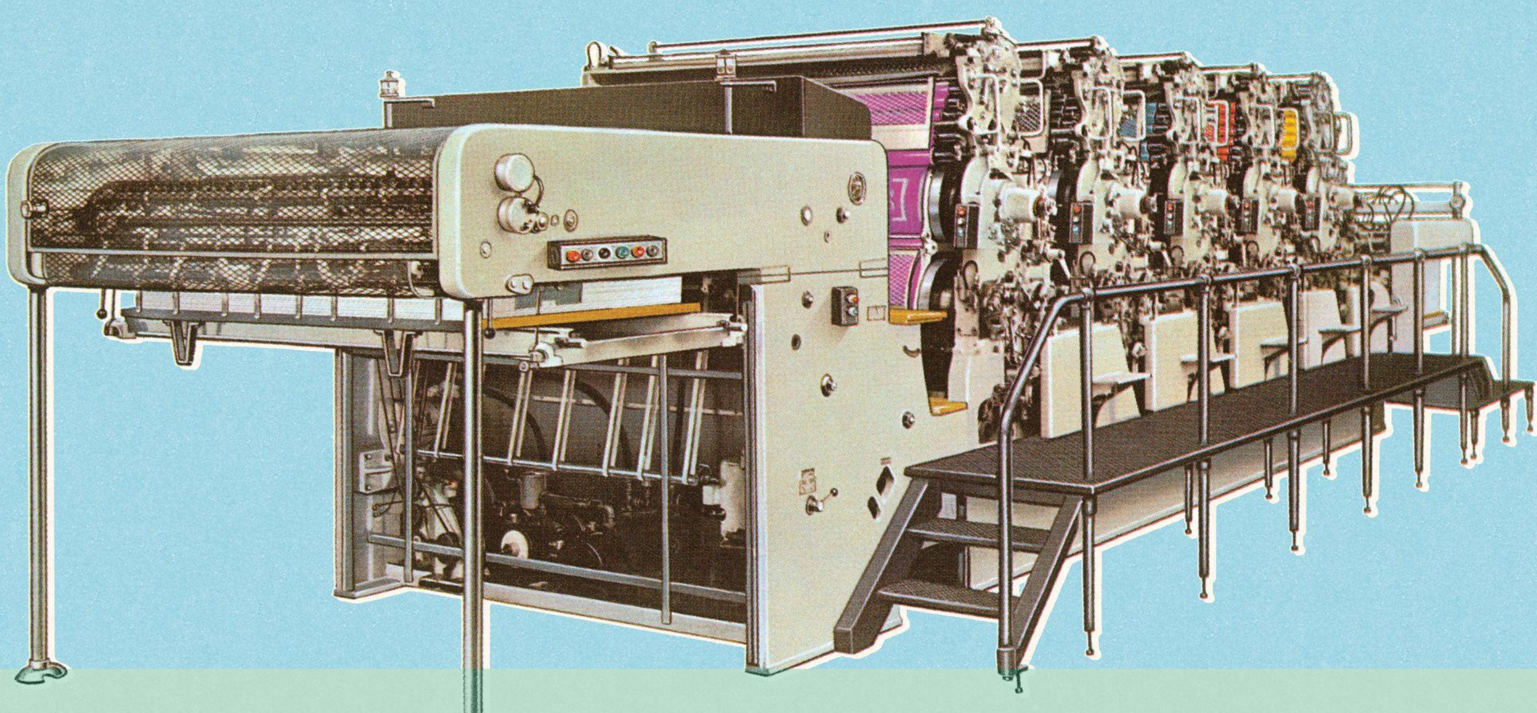
Recruitonomics™

Appcast Manufacturing Snapshot

Resilient Sector May Be In Beginning Stages of Slowing

November 2022



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Economy-wide breakdown:

- The U.S. economy added 263,000 jobs in November, which was above market expectations. The unemployment rate was unchanged at 3.7%, near a historic low. Once again, the labor market's strength defied challenges in the overall economy.

- Beyond the welcome headline numbers, however, the latest jobs report featured two key causes for concern. First, the labor force participation rate declined for a third straight month; the rate for the prime-age working population now sits at 82.4%. The U.S. has yet to return to worker supply levels seen before February 2020.

- Second, wage growth reversed trend substantially after months of moderation – an interesting and potentially alarming development. Potentially is the key word – the reasons for the reversal are still unclear. One possibility is that job losses in lower-paying industries (like Retail) artificially increased average hourly wages.

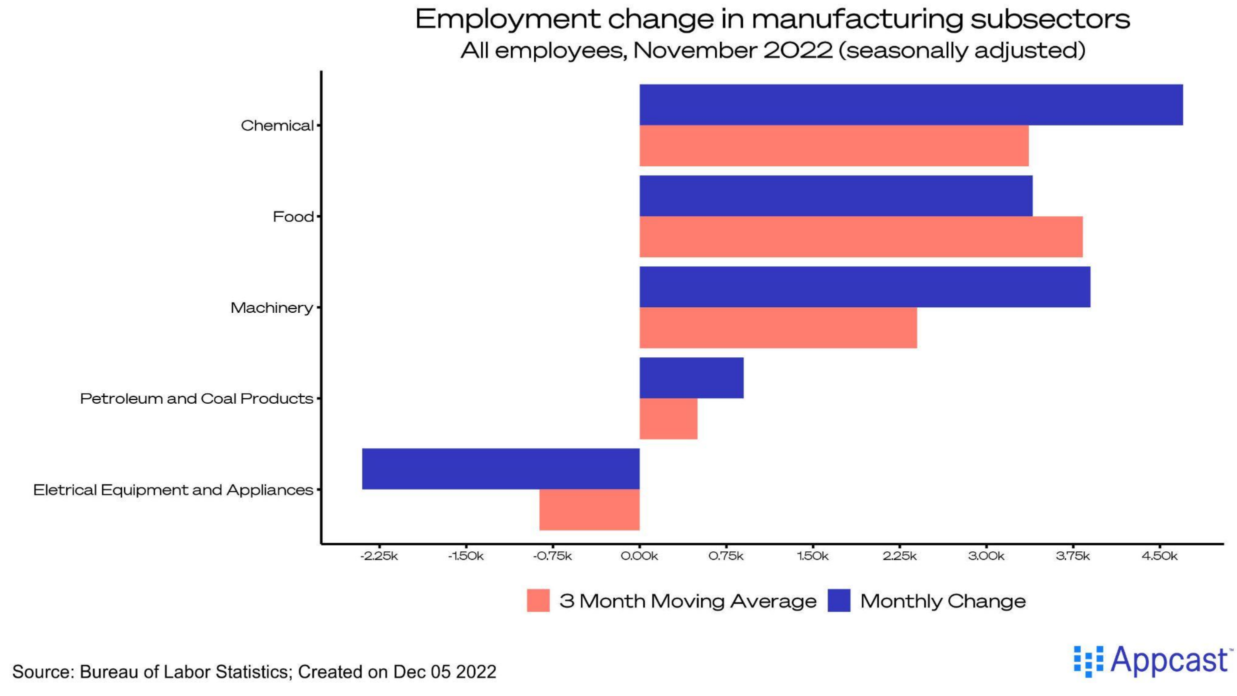
- The labor market, though still strong, is suffering from a hangover of a tight labor market. Too-strong wage gains and stubbornly low participation rates make for a concerning report for recruiters and the Fed alike.

- Read our economy-wide breakdown of the November numbers.

Employment Trends in Manufacturing

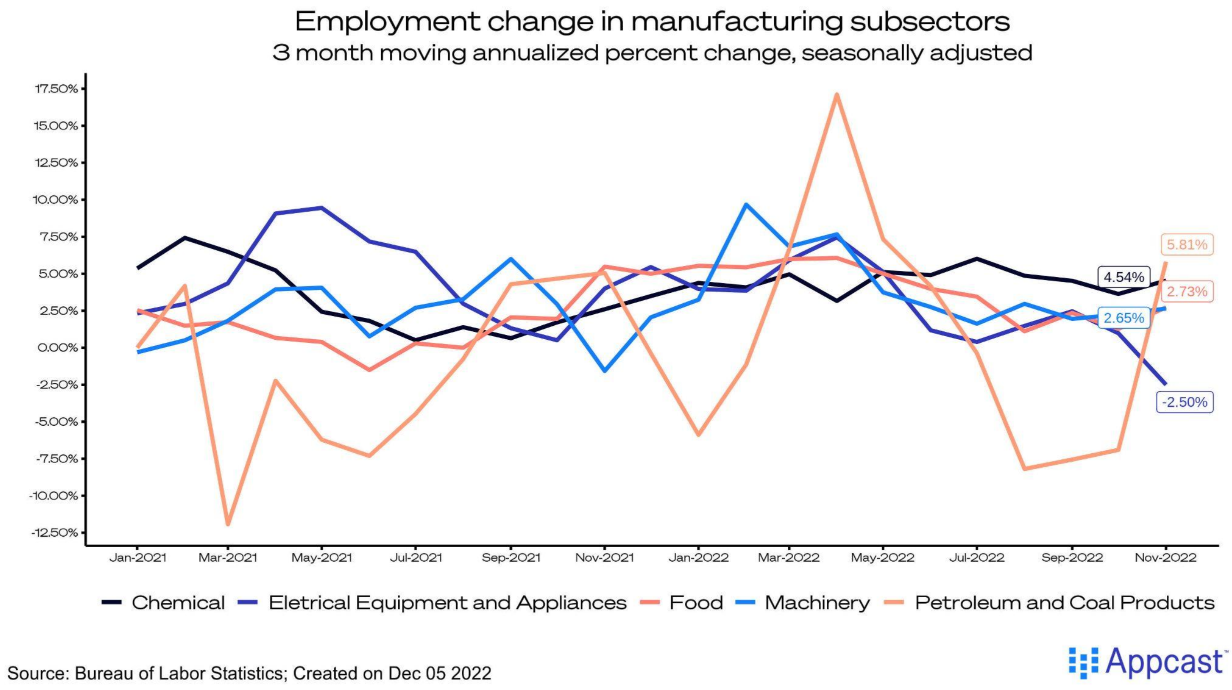
Manufacturing had another strong month in November, adding 14,000 net new jobs. Steady gains throughout 2022 have brought the sector nearly 150,000 jobs above pre-COVID levels; recovery has been healthy and resilient against challenges this year. Employment growth in the sector is vulnerable to inflation, shifting consumer demand towards services, and Federal Reserve rate hikes, which show no signs of slowing. But – manufacturing orders grew in October, signaling these trends have had a negligible impact thus far. Trouble may be on the horizon, though: a measurement of factory activity from the Institute for Supply Management® contracted in November for the first time since May 2020, a signal that growth is slowing.

So far, employment gains have not been squeezed by the same forces pushing the ISM index into contraction territory. Durable Goods Manufacturing gained 11,000 jobs last month – lower than October's gains but still strong. Within that subsector, Electrical Equipment and Appliances had a particularly bad month (-2,400) while Machinery added to the gains (+3,900). Nondurable Goods Manufacturing, such as Food and Chemical, gained 3,000 new jobs in November.



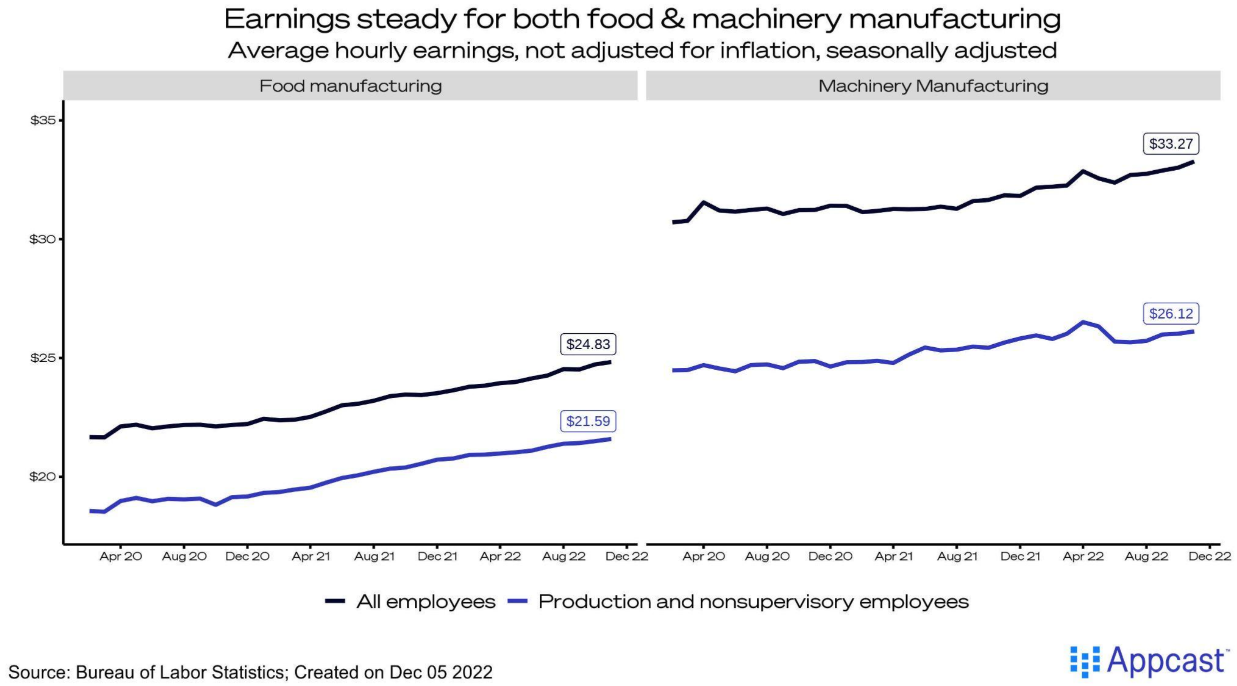
Employment Trends in Manufacturing

Growth in manufacturing subsectors has slowed from earlier in the pandemic recovery, except the notoriously volatile Petroleum and Coal Products Manufacturing. Last month, that subsector rebounded, growing at a 5.8% annualized rate. Electrical Equipment growth dipped into negative territory in November, now at -2.5%.



Wage Trends in Manufacturing

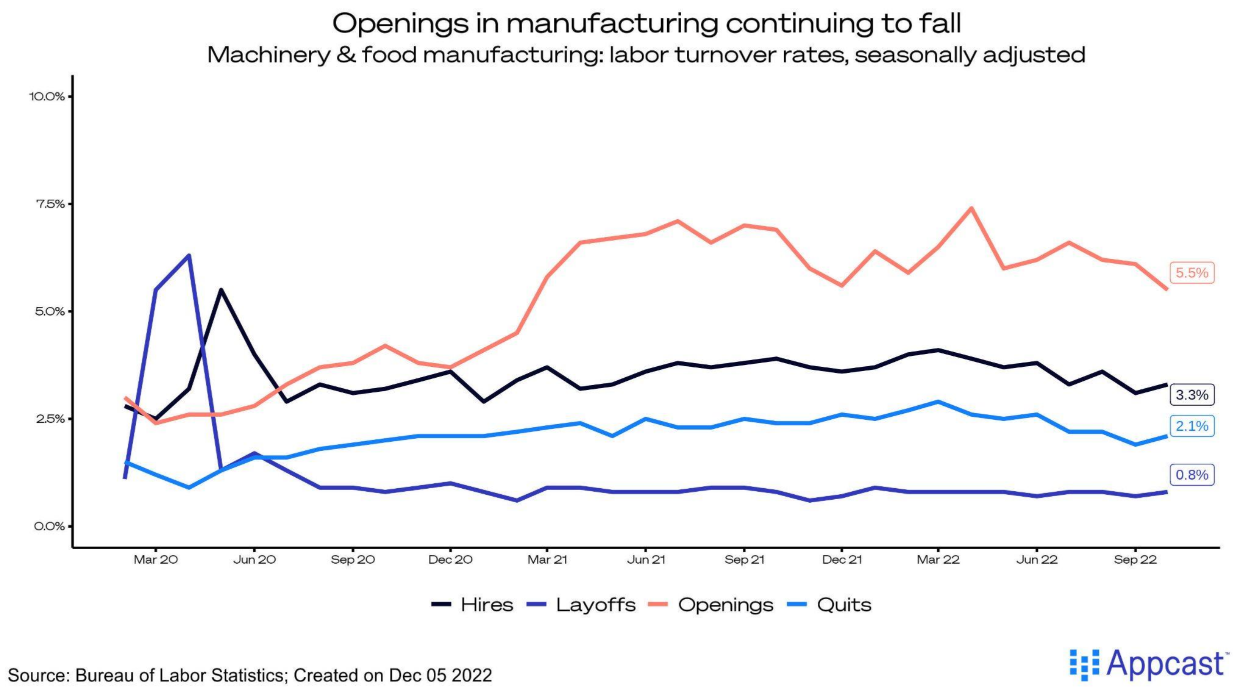
Wage gains for production employees in Machinery Manufacturing leveled out in November, now at $26.12. The same cohort in Food Manufacturing earned $21.59 per hour. Managers made an average $24.83 and $33.27 per hour for Food and Machinery Manufacturing, respectively.



Openings and Turnover Trends in Manufacturing

Falling job openings tell us the manufacturing sector slowed in October. Openings fell to their lowest point yet in 2022, at 5.6%. This is still leagues higher than the 3.0% in February 2020 – demand is still very high.

Hires and quits are both trending downwards, despite the rebound in October to 3.3% and 2.1%, respectively. A downward trend in quits suggests that workers feel less confident about their labor market options. Layoffs remained low at 0.8% – employers aren't keen on giving up the labor they have when demand is so high.

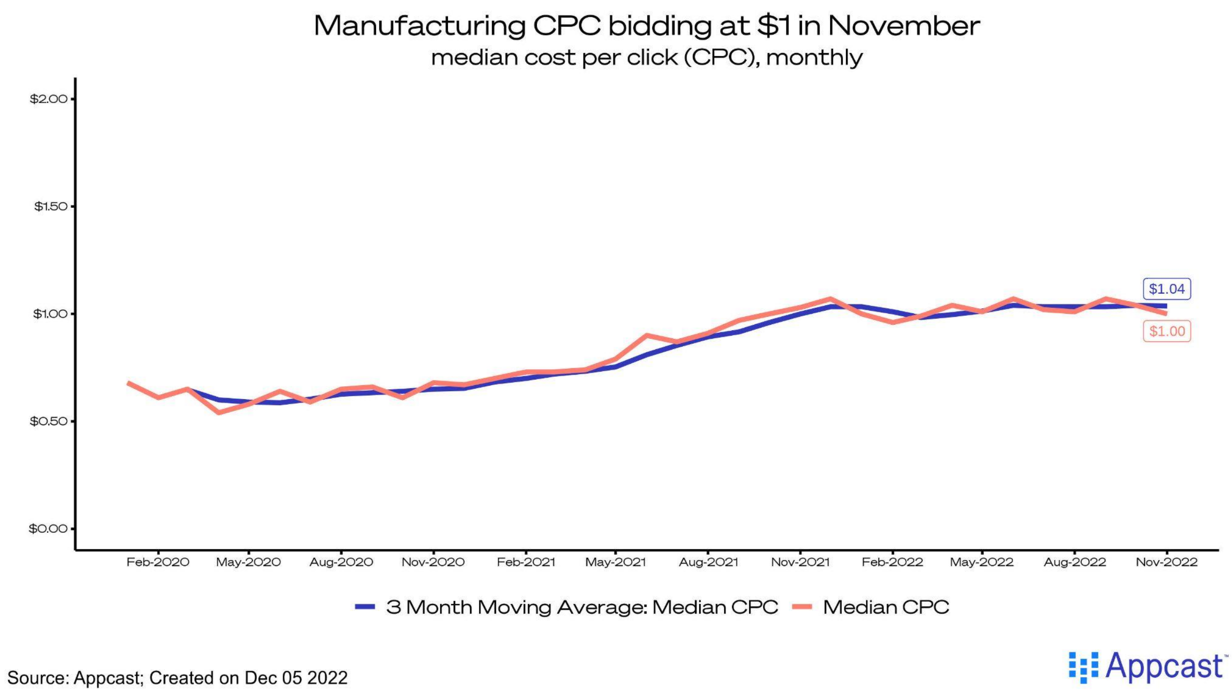


Recruitment Marketing Trends in Manufacturing

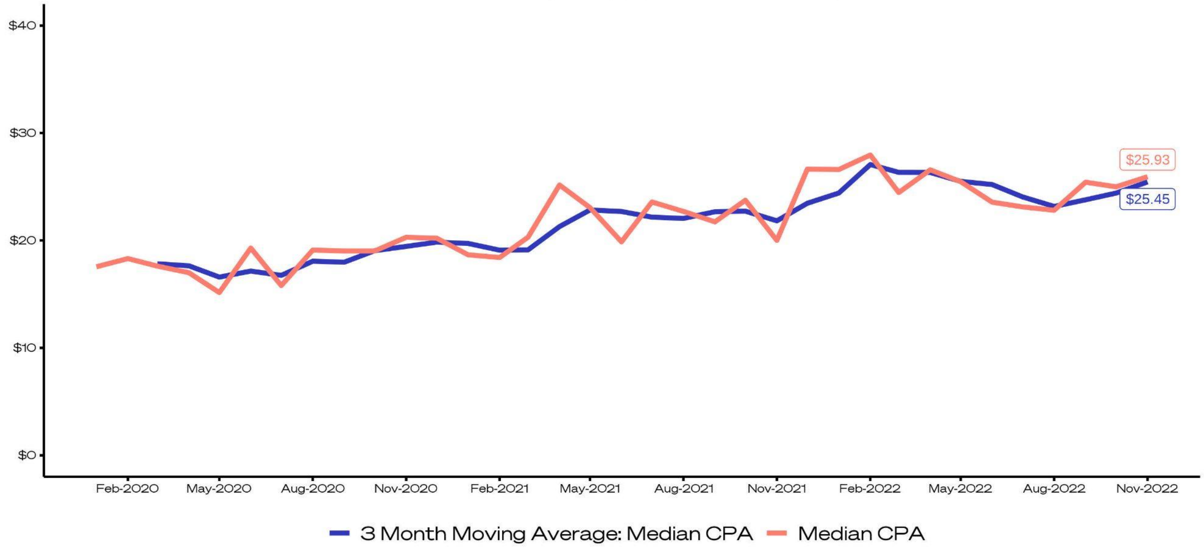
Recruiting marketing costs fluctuation has been rare for Manufacturing this year; cost-per-click (CPC) and cost-per-application (CPA) are steady. The three-month moving average for CPC was unchanged at $1.04, never straying far from $1.00.

CPA has seen a bit more fluctuation, though not much. The cost has trended upwards in recent months, as it did in November. The cost is now at $25.45 over a three month average.

The median apply rate has fallen in recent months, now at 4.17% over three months. Job seekers are becoming less inclined to apply to manufacturing positions but the rates still remain above averages in 2020.

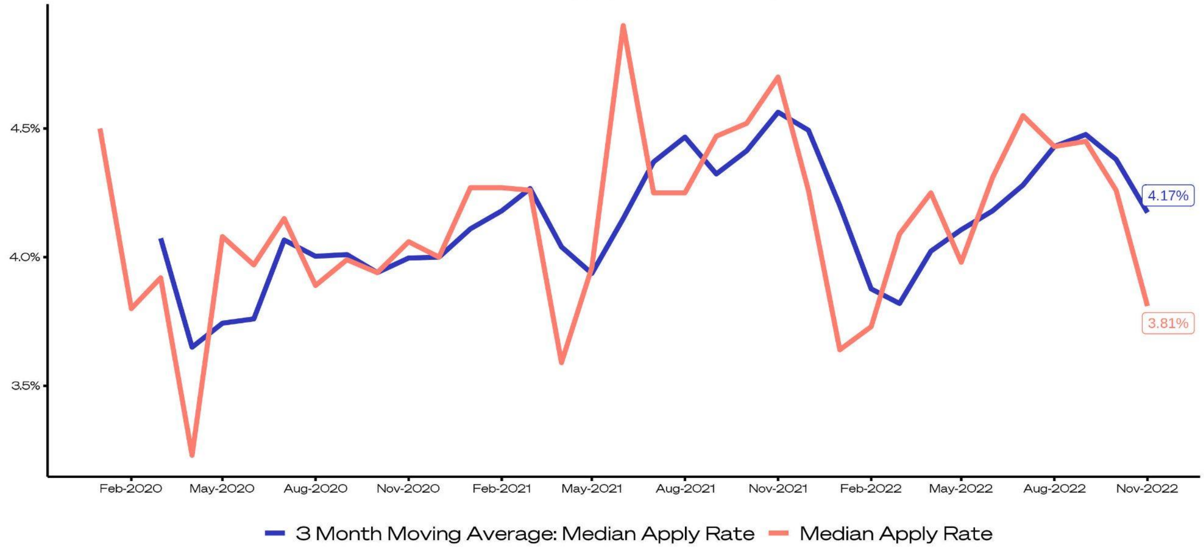


Manufacturing CPA bidding at $25.93 in November
median cost per apply (CPA), monthly



Source: Appcast; Created on Dec 05 2022

Manufacturing Apply Rates at 3.81% in November
median apply rate, monthly



Source: Appcast; Created on Dec 05 2022

What does this mean for Manufacturing?

Manufacturing persevered for another month, sticking to the norms so far this year. Gains were strong in the sector last month. Openings fell in October to their lowest point so far this year, possibly indicating a more lasting trend of falling demand. Wage gains were moderate. Recruiting costs, unfortunately, remain stubbornly high. But small cracks peaked through the sector's resilient exterior in November. The contraction reported by ISM® is something to watch in coming months, as it may be a sign the broader macro forces at play are finally impacting manufacturing labor demand.

Thank you

Why Recruitonomics?

Recruitonomics is a hub for data-driven research, powered by Appcast, that aims to make sense of our evolving world of work. Combining labor economics and recruitment best practices, Recruitonomics seeks to bring clarity to the chaos of a changing economic landscape.