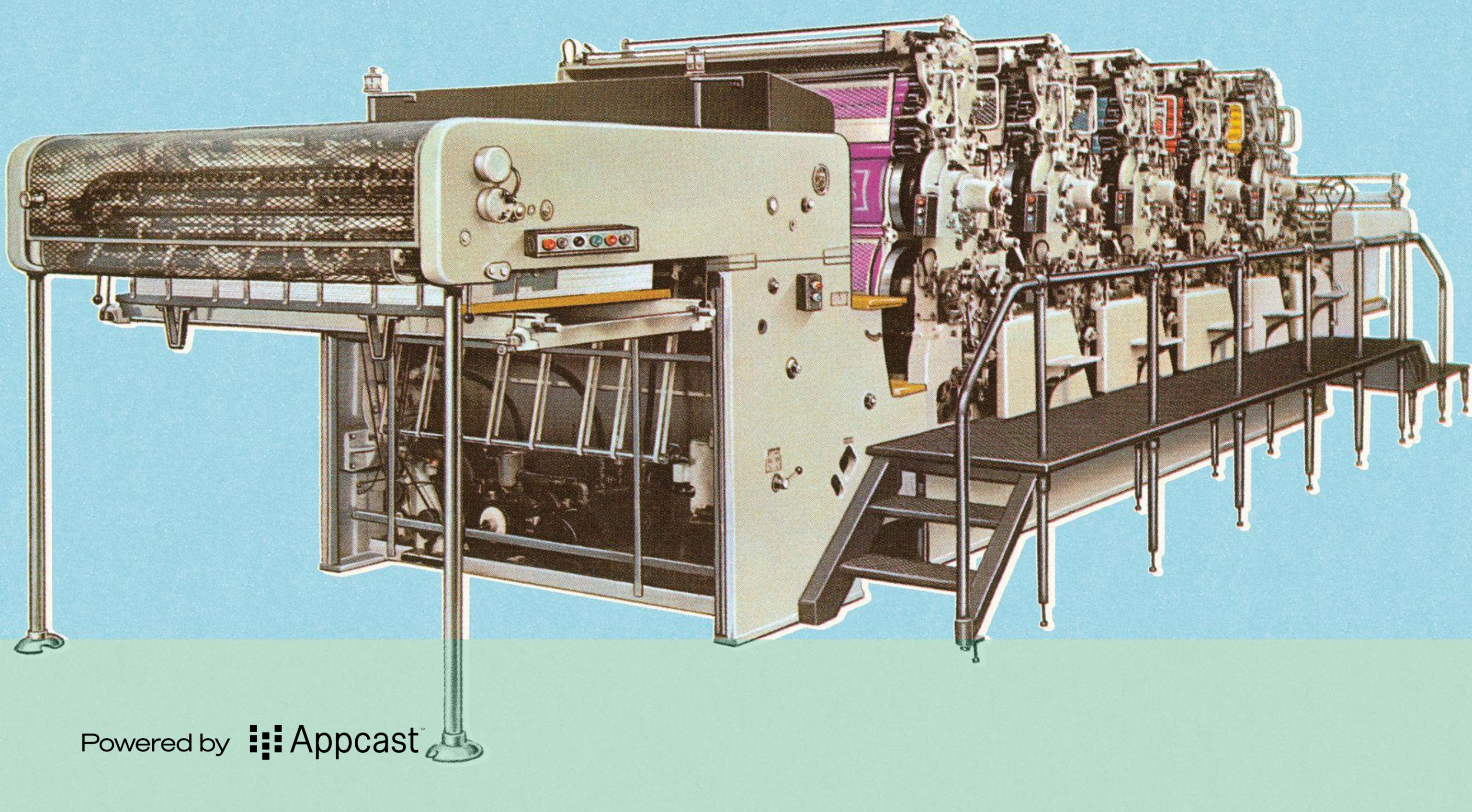
Recruitonomics™

Appcast Manufacturing Snapshot

Elevated Recruiting Costs Despite Softening Conditions



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Economy-wide breakdown:

- The U.S. economy added 267,000 net new jobs in September, subdued gains compared to the 420,000 average monthly gains so far this year. Though lower than average for 2022, these gains show the resilience of the labor market against several challenges. The unemployment rate dropped to a historically low 3.5%.

- Consumer spending shifts officially made their mark on the jobs report in September – many goods-producing sectors suffered employment losses, while service-providing sectors added jobs at an impressive clip.

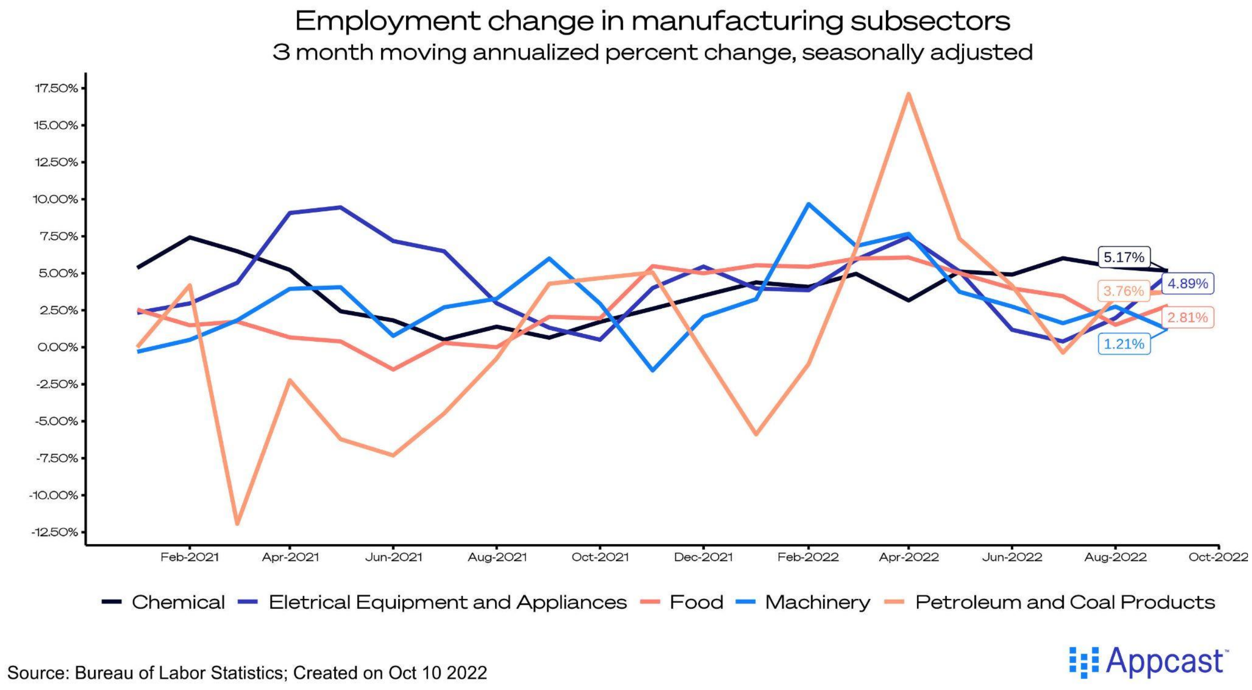
- Wage growth once again steadied – promising news for the Federal Reserve and its commitment to price stability. Job openings also cooled significantly (without layoffs rising), suggesting its hope for a "soft-landing" is within grasp.

- Labor force participation rates continue to disappoint and have yet to return to pre-COVID levels. In September, prime-age labor force participation was at 82.7%, compared to 83% in February 2020.

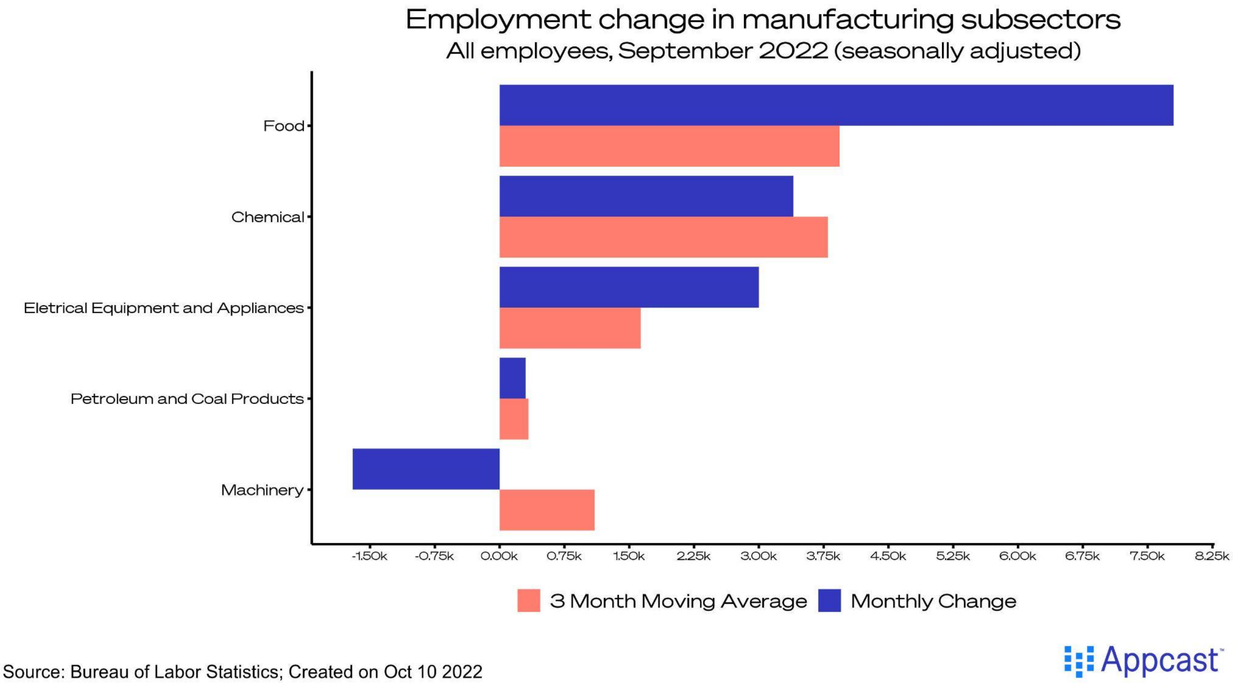
- Read our economy-wide breakdown of the September numbers.

Employment Trends in Manufacturing

Manufacturing experienced another steady month of job gains, adding 22,000 net new jobs in September. The gap between nondurable goods and durable goods job gains was more balanced this month: durable goods manufacturing gained 16,000 jobs, while nondurable goods gained 6,000 (compared to 25,000 and 2,000 in August). The resilience of durable goods employment shows that rising interest rates have yet to meaningfully impact the subsector.



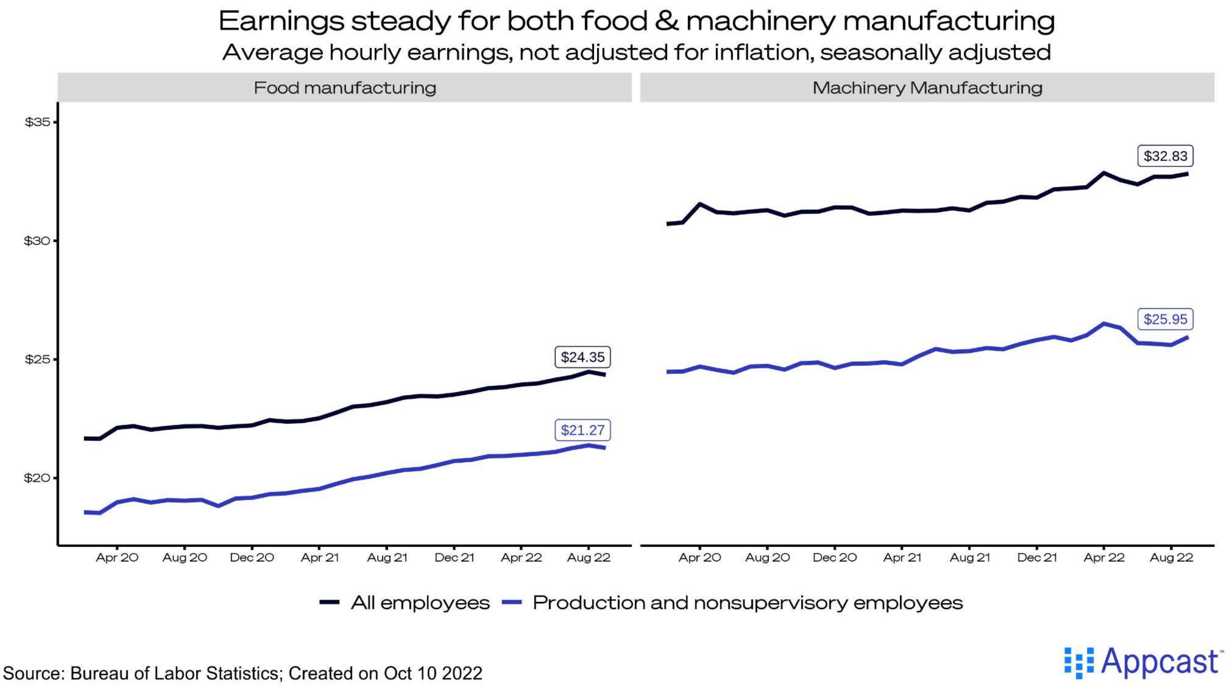
Growth rates are steady for manufacturing subsectors, with electrical equipment and appliances manufacturing experiencing the largest jump in employment growth. Machinery manufacturing employment growth slowed again to 1.21% in September. Petroleum and coal products growth rates remained steady following an impressive rebound in August.



This month's gains for the manufacturing sector came in below the average monthly job gains of 36,000 this year, showing that labor market pressure may be easing. After a surprising month of job losses in August, food manufacturing rebounded and gained 7,800 jobs in September. Other subsectors were largely in line with their three month moving averages, but machinery manufacturing lost 1,700 after two months of steady gains.

Wage Trends in Manufacturing

Nominal average earnings dipped slightly in food manufacturing this month for all employees and nonsupervisory employees to $24.35 and $21.27, respectively. For machinery manufacturing, wages increased slightly to $32.83 for all employees, while nonsupervisory employees experienced a jump in earnings to $25.95. The gap between managers and "rank-and-file" employees in machinery manufacturing is particularly pronounced.



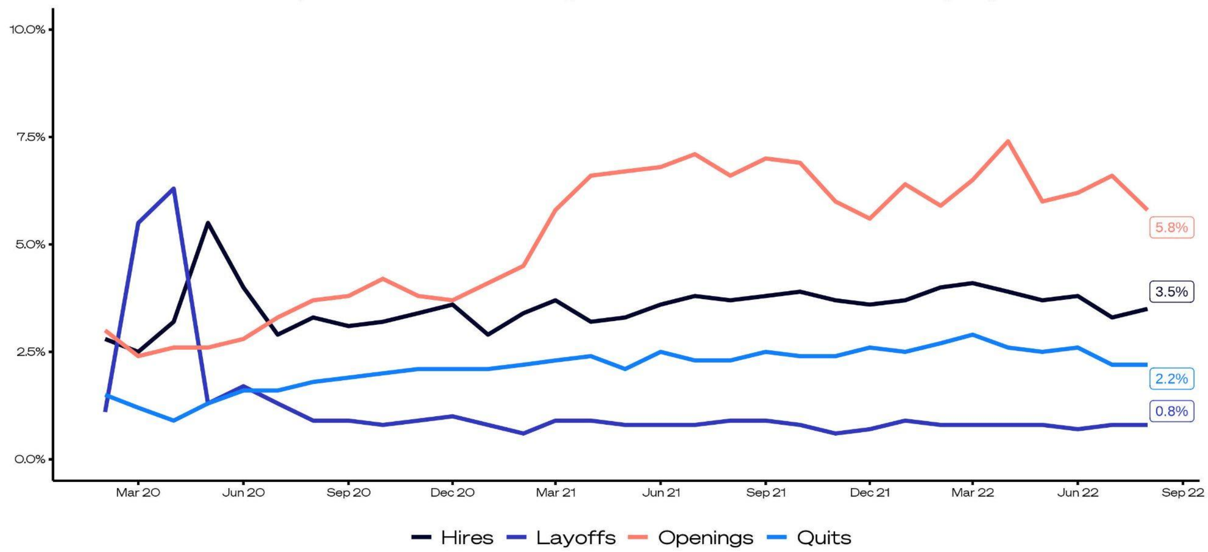
Openings and Turnover Trends in Manufacturing

Openings fell sharply in August, while hires ticked up slightly. Quits and layoffs remained steady at a low level. Job openings in manufacturing fell 115,000, with the rate dropping to 5.8% from 6.6% in July, which contributed to the economy-wide drop in openings.

The layoffs rate remained at 0.8%, indicating that the labor demand in manufacturing can meaningfully cool without inducing mass layoffs. An unchanged quits rate, however, shows that workers are still feeling the same demand for their labor – the market has not completely cooled.

Openings in manufacturing continuing to fall

Machinery & food manufacturing: labor turnover rates, seasonally adjusted



Source: Bureau of Labor Statistics; Created on Oct 10 2022

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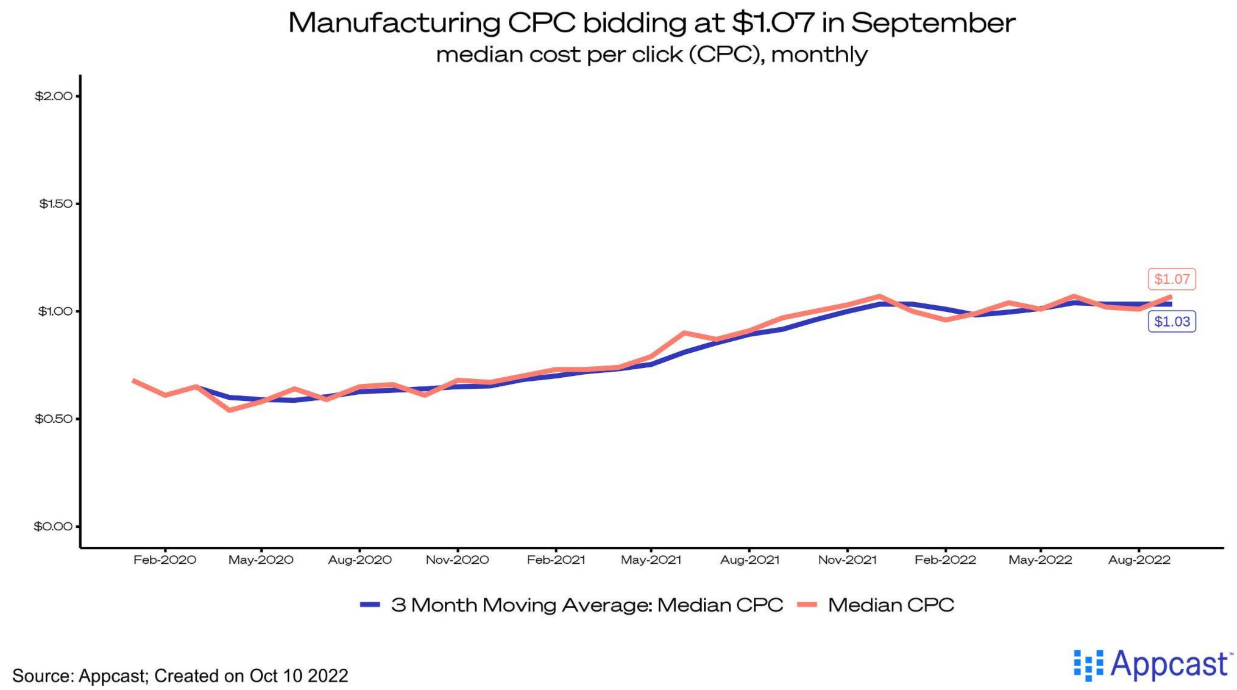
Recruitment Marketing Trends in Manufacturing

Recruitment marketing trends ticked up slightly in September, but continued on a largely steady trend. Costs are still elevated compared to February 2020 levels, as they are across the economy. Manufacturing has experienced relatively mild cost increases compared to other industries.

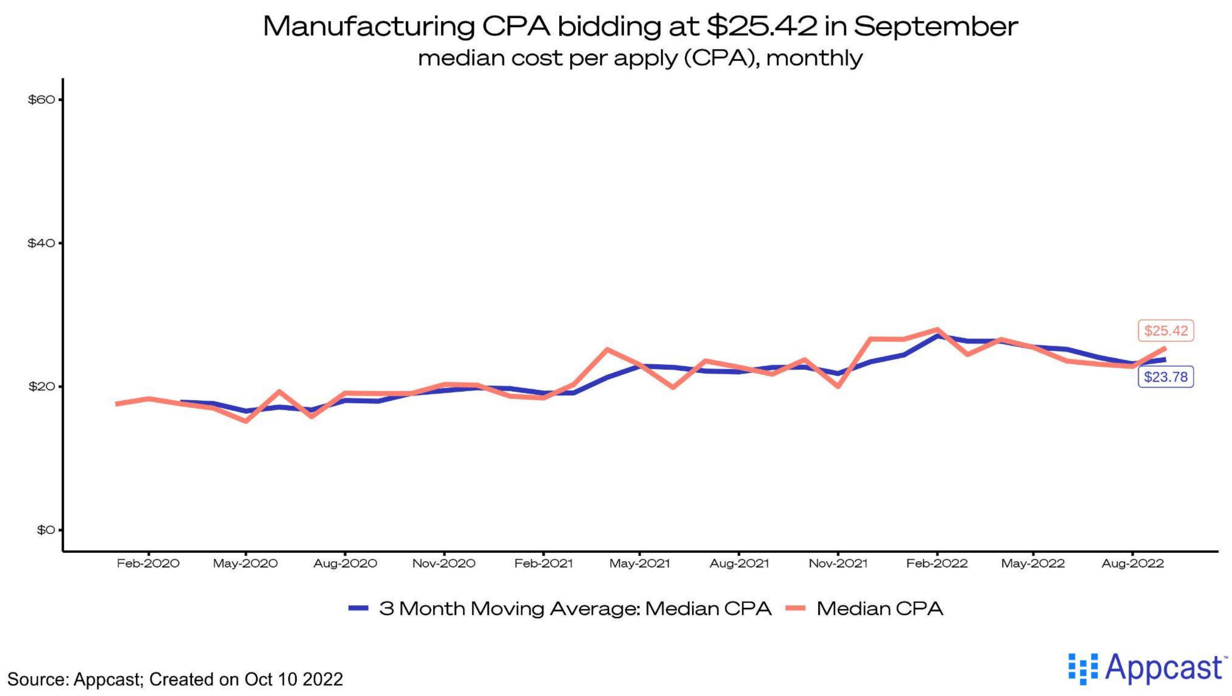
Median cost per click (CPC) increased slightly to $1.07 in September from $1.03 in August. This increase forced the average of the past three months to $1.03.

Cost per apply (CPA) jumped to $25.42 in September, after a steady decline for the past few months.

Apply rates moderated in September to 4.45%, perhaps contributing to the slight increases in prices. Job seekers in manufacturing are still far more engaged than earlier this year, but the measure suggested declining interest in September.



Source: Appcast; Created on Oct 10 2022


Manufacturing CPA bidding at $25.42 in September
median cost per apply (CPA), monthly
$60
$40
$20
$0
$25.42
$23.78
Feb-2020
May-2020
Aug-2020
Nov-2020
Feb-2021
May-2021
Aug-2021
Nov-2021
Feb-2022
May-2022
Aug-2022
3 Month Moving Average: Median CPA
Median CPA
Source: Appcast; Created on Oct 10 2022
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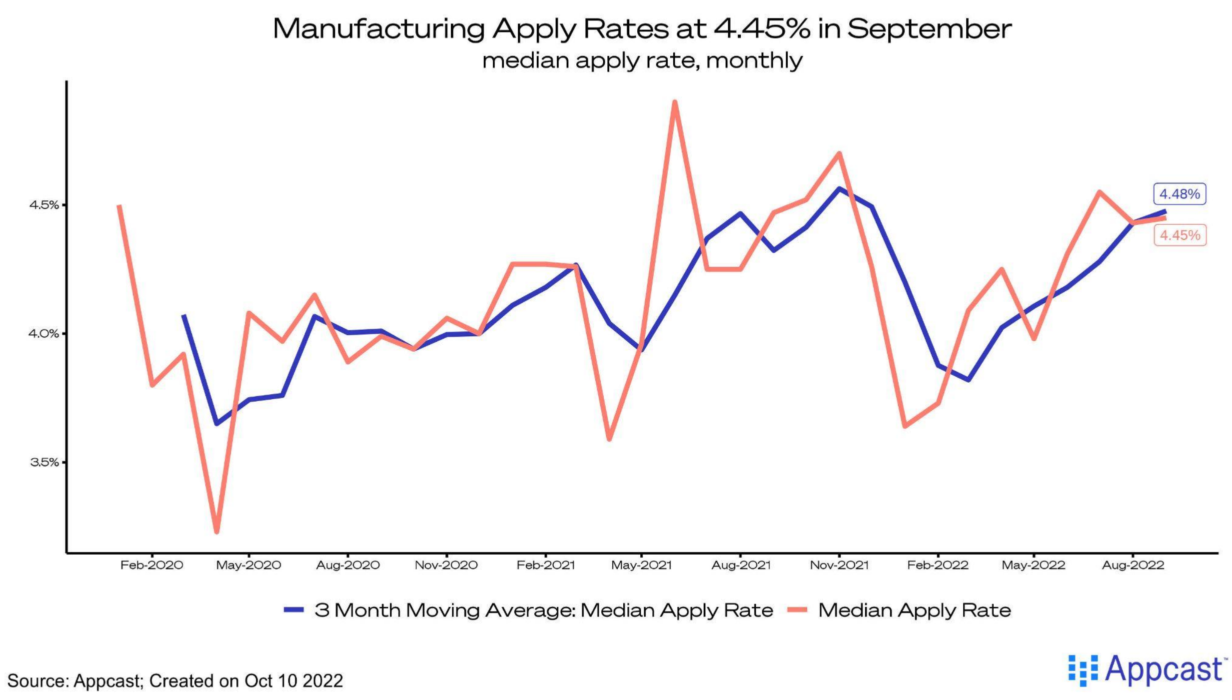
Manufacturing Apply Rates at 4.45% in September
median apply rate, monthly
4.5%
4.0%
3.5%
4.48%
4.45%
Feb-2020
May-2020
Aug-2020
Nov-2020
Feb-2021
May-2021
Aug-2021
Nov-2021
Feb-2022
May-2022
Aug-2022
3 Month Moving Average: Median Apply Rate
Median Apply Rate
Source: Appcast; Created on Oct 10 2022
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What does this mean for Manufacturing?

Impressive job gains for Manufacturing in September show the sector is resilient against shifting consumer demand and the ongoing mission to reduce inflation. However, last month's gains of 22,000 were slightly below the monthly average so far this year, perhaps indicating slight cooling in the sector. August's job openings and labor turnover survey also suggested a trend of cooling, with openings falling quickly. Recruiting costs continue to be elevated, and experienced a slight increase in September – reminding us that recruitment challenges are not completely behind us, despite softening labor market conditions.

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.