

# U.S. Data Review

- Job Openings: still in the stratosphere
- ISM manufacturing: factory sector limps ahead
- Construction: weak single-family; drop in federal gov't; pickup in business-related

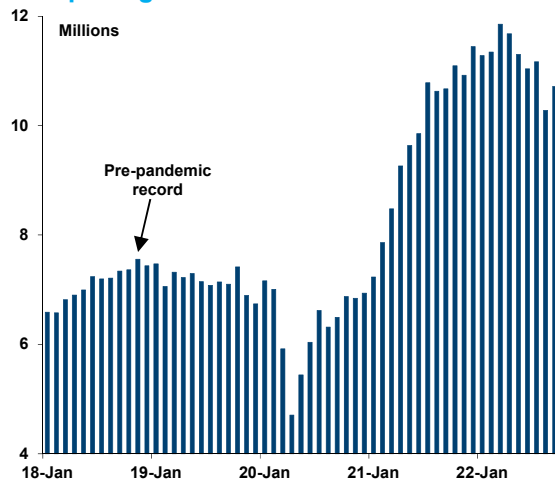
**Lawrence Werther**  
**Michael Moran**

Daiwa Capital Markets America  
 lawrence.werther@us.daiwacm.com  
 michael.moran@us.daiwacm.com

## Job Openings & Labor Turnover (JOLTS)

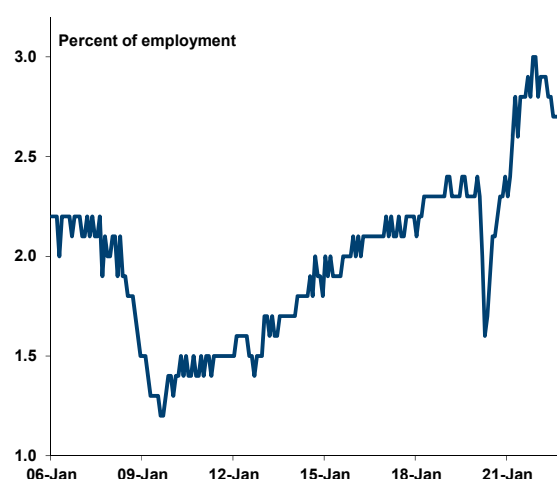
- The number of job openings in the U.S. rose 437,000 (or 4.3 percent) in September, notably firmer than an expected decline of 303,000 (-3.0 percent). In addition, results in the prior month were revised up by 227,000 (2.3 percent).
- Openings are still off from readings earlier in the year, but the decline has not been pronounced, and the level remained striking relative to historical standards (chart, left).
- The increase in September was broadly based. The manufacturing sector registered a decline in postings, but most other areas posted gains, including construction, business services, education, and leisure & hospitality.
- The number of individuals that quit their jobs fell 123,000 (-2.9 percent), but the change was too small to alter the quit rate, which remained steady at 2.7 percent. The rate remained below the record high of 3.0 percent in November and December of last year, but it was well above the pre-pandemic record of 2.4 percent (chart, right).

### Job Openings



Source: Bureau of Labor Statistics via Haver Analytics

### Quits Rate



Source: Bureau of Labor Statistics via Haver Analytics

## ISM Manufacturing

- The ISM manufacturing index slipped 0.7 index point in October to 50.2 (versus the expectation of a decline of 0.9 index point to 50.0).
- Although the headline index remained above the critical value of 50.0 (indicating expansion), tight financial conditions caused by the Fed's aggressive rate-hike cycle have caused factory activity to cool sharply this year (chart; next page, left).

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo ("Daiwa Securities") and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.

- The production index increased in October (+1.7 index points to 52.3), but it has fallen sharply since the early months of the year and it is well below last year's average of 61.0.
- New orders rose 2.1 index points to 49.2, but it remained below the critical value of 50.0 for the second consecutive month (and for the fourth time in the past five months). The contraction in new orders suggests downside risks for production schedules in coming months.
- The employment index increased 1.3 index points to 50.0. The October ISM report indicated that "a noticeable number" of survey respondents were reducing headcount through "hiring freezes and allowing attrition."
- The supplier deliveries index fell 5.6 index points to 46.8, the first time that survey participants reported "faster" deliveries since early 2016. The measure has dropped sharply in recent months, easing from an average of 72.8 in 2021 and 64.4 in the first half of 2022 (chart, right). The latest reading suggests that supply chains are functioning normally.
- The prices index continued its retreat from a recent high of 87.1 in March (off 5.1 index points to 46.6). Moderating price pressure for key inputs (energy commodities, metals, chemicals, and plastics) contributed importantly to the latest drop in the prices index.

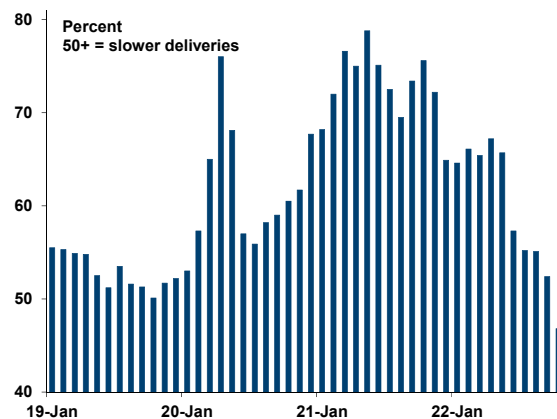
### ISM Manufacturing: Monthly Indexes

	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
ISM Mfg. Composite	53.0	52.8	52.8	50.9	50.2
New orders	49.2	48.0	51.3	47.1	49.2
Production	54.9	53.5	50.4	50.6	52.3
Employment	47.3	49.9	54.2	48.7	50.0
Supplier deliveries	57.3	55.2	55.1	52.4	46.8
Inventories	56.0	57.3	53.1	55.5	52.5
Prices paid*	78.5	60.0	52.5	51.7	46.6

\* The prices paid index is not seasonally adjusted. The measure is not part of the ISM manufacturing composite index.

Source: Institute for Supply Management via Haver Analytics

### ISM Manufacturing: Supplier Deliveries



Source: Institute for Supply Management via Haver Analytics

## Construction

- Total construction activity increased 0.2 percent in September, firmer than the expected decline of 0.6 percent.
- Private residential construction was flat in September, with increases in multi-family building (+0.3 percent) and improvements to existing structures (+2.9 percent) offsetting a drop in single-family activity (-2.6 percent). Private single-family activity posted its fourth consecutive large decline; improvements to existing homes continued to trend higher, while multi-family building moved sideways.
- Private nonresidential construction has stirred recently, increasing 1.0 percent in September after firm advances in two of the prior three months.
- Total government spending slipped 0.4 percent. State and local building rose 0.6 percent, continuing its upward trend; government construction at the federal level fell 12.7 percent after a drop of 6.7 percent in August. Weakness in the past two months pushed federal government construction to a new low for the current cycle.