

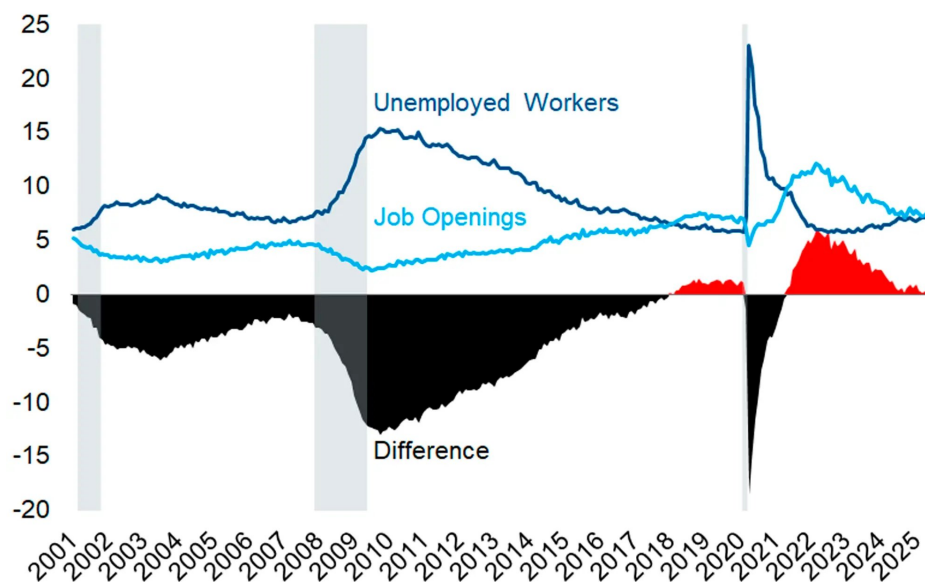
Labor Market Musical Chairs Gets Interesting

September 3, 2025

Contributors: Stephen Douglass

Number of Job Openings and Unemployed Workers

Millions



Gray bars indicate recession.

Source: BLS.

The JOLTS data for July appeared consistent with the labor market status quo. There was little to no change in the rates of hiring, quitting or layoffs across the private and government sectors. The July payrolls report has rightfully increased attention on the downside risks to the labor market, but the JOLTS data show that there was no significant deterioration in July. No sign of an increase in layoffs that risks crossing the tipping point into recession. No drop in hiring or openings that suggests a sudden decline in labor demand. Just a labor market where demand is gradually cooling and the supply of immigrant labor is falling as a matter of policy choice. These dynamics have contributed to a gradual decline in the rate of job creation to a level uncomfortably close to zero.

The labor market did, however, cross one notable rebalancing milestone in July. For the first time since April 2021, there are more unemployed workers than job openings in the United States. We'll spare you a lengthy discussion about skills mismatches, geographic mobility, and the Beveridge Curve – all of which inform the interpretation of this national figure. The simple fact today is that

there are no longer enough jobs to employ every American looking for a job. This is just a psychological level – there is nothing magical about the ratio of openings to unemployed falling below 1. Indeed, the ratio is more often below 1 than above it in the series history. But this month does represent a milestone on the journey of rebalancing the labor market from the historic shortage of 2021 to something more normal today. Whether that journey leads to a stable equilibrium or a recession remains to be seen. The next mile marker arrives with the August payrolls report on Friday.

Disclosure Information

By accepting this material, you acknowledge, understand and accept the following:

This material has been prepared by NISA Investment Advisors, LLC ("NISA"). This material is subject to change without notice. This document is for information and illustrative purposes only. It is not, and should not be regarded as "investment advice" or as a "recommendation" regarding a course of action, including without limitation as those terms are used in any applicable law or regulation. This information is provided with the understanding that with respect to the material provided herein (i) NISA is not acting in a fiduciary or advisory capacity under any contract with you, or any applicable law or regulation, (ii) that you will make your own independent decision with respect to any course of action in connection herewith, as to whether such course of action is appropriate or proper based on your own judgment and your specific circumstances and objectives, (iii) that you are capable of understanding and assessing the merits of a course of action and evaluating investment risks independently, and (iv) to the extent you are acting with respect to an ERISA plan, you are deemed to represent to NISA that you qualify and shall be treated as an independent fiduciary for purposes of applicable regulation. NISA does not purport to and does not, in any fashion, provide tax, accounting, actuarial, recordkeeping, legal, broker/dealer or any related services. You should consult your advisors with respect to these areas and the material presented herein. You may not rely on the material contained herein. NISA shall not have any liability for any damages of any kind whatsoever relating to this material. No part of this document may be reproduced in any manner, in whole or in part, without the written permission of NISA except for your internal use. This material is being provided to you at no cost and any fees paid by you to NISA are solely for the provision of investment management services pursuant to a written agreement. All of the foregoing statements apply regardless of (i) whether you now currently or may in the future become a client of NISA and (ii) the terms contained in any applicable investment management agreement or similar contract between you and NISA.