10-9-25

WSJ Print Edition

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Americans Used to Be Quitters

Words rarely heard these days: "Take this job and shove it."

Most U.S. economic data won't be published until the government shutdown ends, but one snapshot of labor-market health squeezed in under the wire last week—jobs turnover.

Back in the spring of 2022, when employers were dangling raises and bonuses, a record share of private-sector workers quit. That has been declining steadily and matched a multiyear low in August.

When asked how they feel about the economy, people tell sentiment survey-takers all kinds of things, if they even answer the phone. And lately their answers reflect whether they like the current president, making that information even less useful.

Note

But being optimistic enough to give up your job means putting your money where your mouth is. When people lack the confidence to do so, and when there are fewer opportunities to jump ship, it is an early sign of a slowing economy.

Americans' hesitancy is backed up by private-sector data. The Conference Board said last month that its Employment Trends Index, a composite of various measures it tracks, hit its lowest level in August since early 2021. The group's chief economist called the weakness disconcerting.

Meanwhile, private-sector measures of the actual number of Americans working show continued deterioration. Last week, payroll processor ADP estimated the U.S. lost 32,000 private-sector jobs in September compared with economists' expectation of a 45,000job gain. Long overlooked, ADP gained street cred this year after it flagged a hiring slowdown ahead of official government data. A lesser-known read on jobs can be gleaned from industry surveys that include questions on hiring. Economist David Rosenberg says a composite of those responses is now at its lowest since the summer of 2020.

Note

He noted that "the only other times we were around these contractionary levels for several months were in the 2001 and 2008-2009 recessions."

These unofficial measures tend to focus more squarely on the private sector. At a time of mass federal layoffs, they offer a cleaner read on what investors care about: business optimism and growth. Some also have fewer distortions from things like DOGE firings. Despite many not working for months, about 100,000 federal workers only officially lost their jobs last week.

The Federal Reserve probably doesn't need more evidence of a slowdown to cut interest rates again later this month, even if official data releases resume and unemployment holds steady. Slowing jobs turnover is another sign of economic anxiety that could nip growth.

There is a chill wind in America's job market.

—*Spencer Jakab*

32,000

Estimated number of U.S. private-sector jobs lost in September