

Economic Watch

US

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Economic Analysis

US
Michael Soni
michael.soni@bbvacompass.com

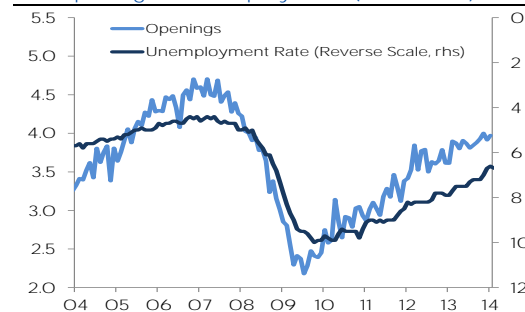
Job Openings and Labor Turnover

Openings, hiring, and separations show little change for January

- Job openings rose by 60K behind healthcare and hospitality
- Despite gradual improvement, labor market still below pre-recession levels
- Hiring and job openings projected to sluggishly pick up in 2014

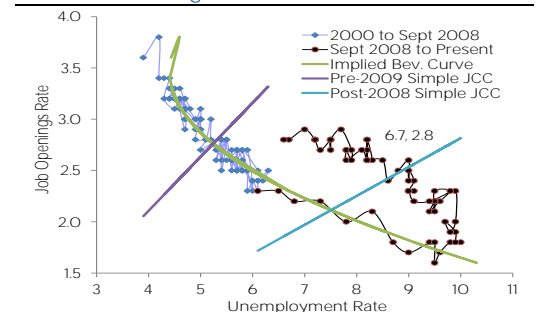
The Job Openings and Labor Turnover Survey (JOLTS) for January 2014 showed little change from December. Job openings rose 60K (1.5%) following a sharp decline in January; the biggest increase in jobs was seen in leisure and hospitality, which jumped from 524K in December to 633K in January, an increase of 21% MoM. Additionally, the sector saw a 40% YoY jump, and the increase in hospitality could be a sign of things to come over the next several years as baby boomers begin to enter retirement. Healthcare and services witnessed an 11.6% increase in January, further pointing to a long-term shift in jobs concentrated on assisting the growing percentage of elderly. Looking to hiring, there was little change in the overall figure from December, and while most sectors remained relatively stagnant, construction saw a 34K (13.5%) increase in hiring. Evidently, the extreme weather did not slow down hiring in the sector as was previously expected. Overall, total private hiring fell by 36K in January, and although hiring still remains considerably below pre-recession levels, the data continue to show slow and steady upward momentum. Separations remained stagnant in January, and while still well off the recession lows, the data remains far from pre-crisis levels. This is a reflection of a lack of confidence in the job market, as workers are more likely to stay in their present position than search for a new job, in fear of being unable to find something else. Company layoffs and discharges have returned to pre-recession levels and despite an increase of 34K (2.0%) in January, firms have held back from laying off employees in large waves. However, this could be due to labor hoarding, as firms attempt to maximize their employee productivity. Overall, the changes in January's JOLTS data do not show significant change from December, but the big picture trends are gradually becoming clearer. Although the post-recession relationship between the unemployment and job openings rates diverged from pre-crisis trends, the correlation appears to be gradually returning to the expected levels. Still, the present disconnect tells us that there is a structural employment issue, as companies are struggling to find qualified workers to fill vacant jobs. Looking forward, we project hirings and openings to pick up, albeit painfully slow, and although we believe the labor market situation will improve, we do not expect it to reach pre-recession levels this year.

Chart 1
Job Openings & Unemployment (Millions, %)



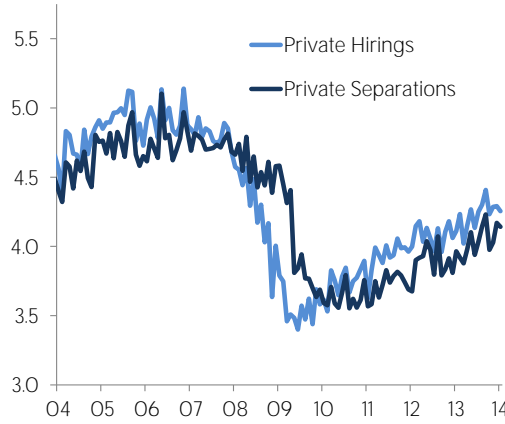
Source: Bureau of Labor Statistics and BBVA Research

Chart 2
National Beveridge Curve



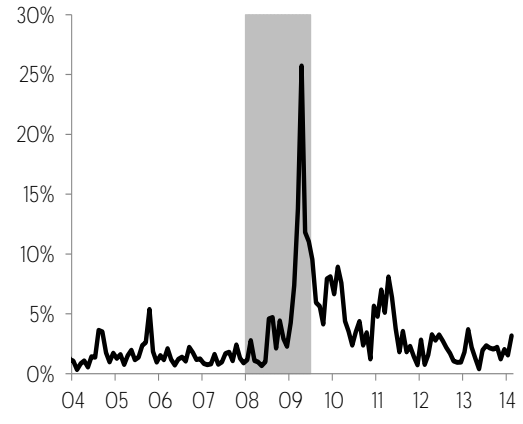
Source: Bureau of Labor Statistics and BBVA Research

Chart 3
Private Hirings & Separations (Millions)



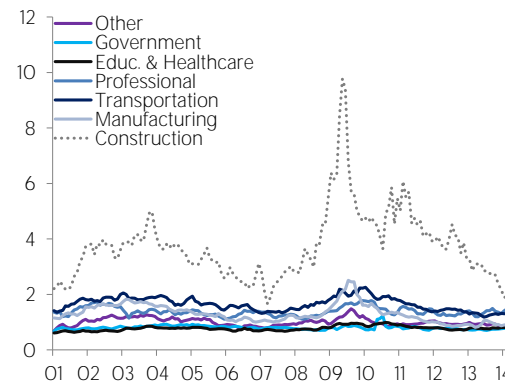
Source: Bureau of Labor Statistics and BBVA Research

Chart 4
Industry Relative Unemployment Variance



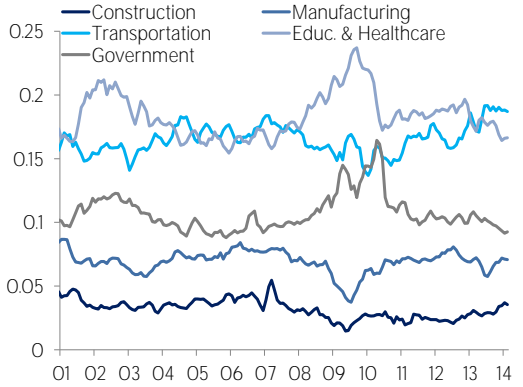
Source: Bureau of Labor Statistics and BBVA Research

Chart 5
Vacancy Yield by Industry (3MMA)



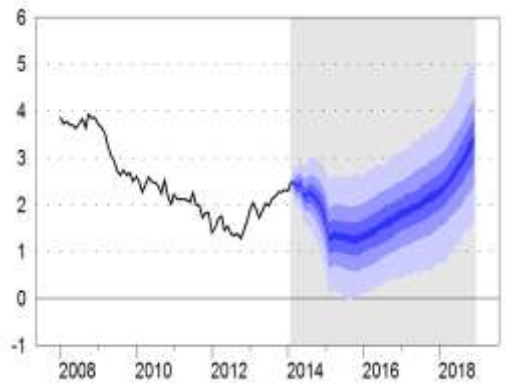
Source: Bureau of Labor Statistics and BBVA Research

Chart 6
Share of Vacancies by Industry (3MMA)



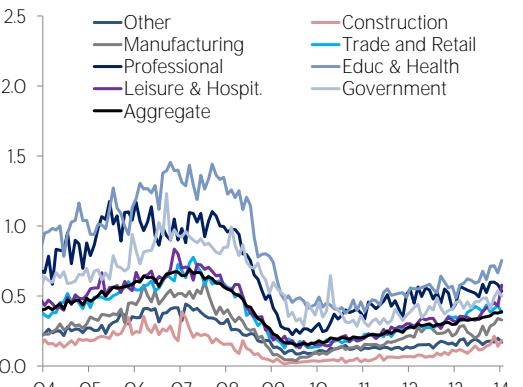
Source: Bureau of Labor Statistics and BBVA Research

Chart 7
Nominal Average Hourly Earnings (YoY %)



Source: BBVA Research

Chart 8
Labor Tightness by Industry (higher=tight)



Source: Bureau of Labor Statistics and BBVA Research

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