

U.S.

Economic Watch

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Economic Analysis

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Business Employment Dynamics

Gross job losses at lowest level since 1994, but hiring weak

The Bureau of Labor Statistics (BLS) released data today on nationwide business employment dynamics, which is lagged three quarters due to the time necessary to collate information from the unemployment insurance program covering 98% of all payrolls. The data indicates that national job losses in 2009Q4 were at their lowest level since 1994, but job gains also remained at a low level. Net national job creation – the gap between losses and gains – closed appreciably between 2009Q3 and 2009Q4, the latest data available from the BLS. Job gains are recovering, but at their present pace it will take time to reach the pre-crisis level of gains. The smallest of small businesses – those firms with 1 to 4 employees – bounced back strongly from 2009Q3 data that implied their job creation rates lagged behind all other small firms, defined as those firm size categories with fewer than 100 employees. Small firms are struggling from the effect of the housing bubble on their balance sheets and therefore their ability to borrow. The net job creation gap appears to be closing faster for large firms than small firms.

Chart 1

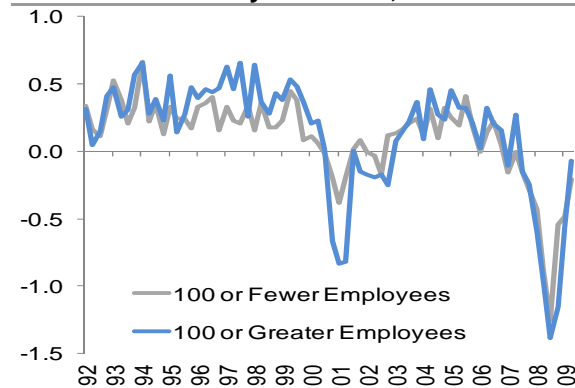
National Job Gains and Losses, In Mn



Source: BBVA Research and BLS

Chart 2

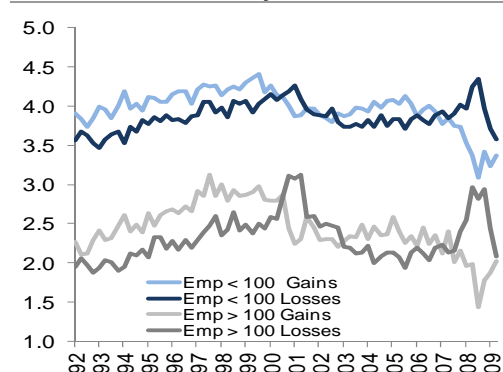
Net Job Creation by Firm Size, %



Source: BBVA Research and BLS

Chart 3

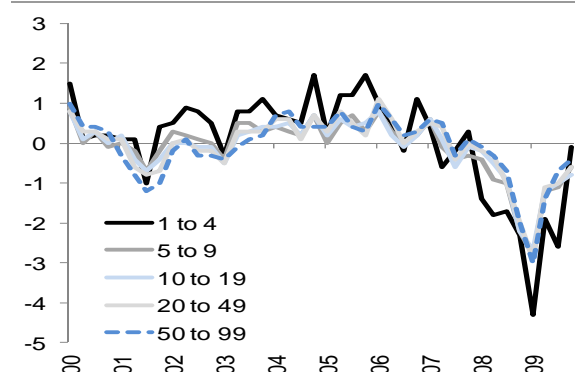
Gains and Losses by Firm Size, In Mn



Source: BBVA Research and BLS

Chart 4

Net Job Creation Rates for Small Firms, %



Source: BBVA Research and BLS

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