

U.S.

# Economic Watch

February 1, 2011

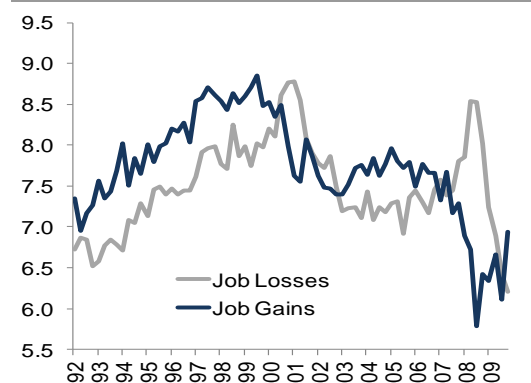
**Economic Analysis**

**Jeffrey Owen Herzog**  
jeff.herzog@bbvacompass.com

## Business Employment Dynamics First positive net employment gain since March 2006

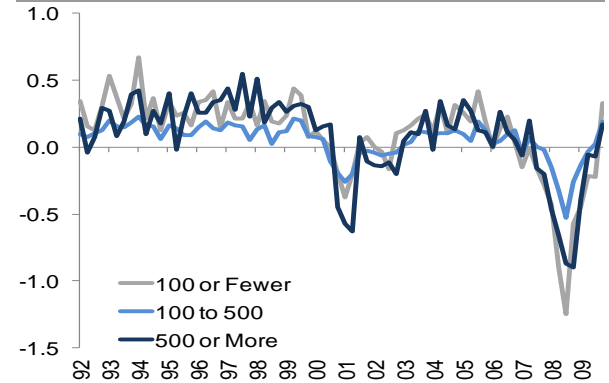
In 2010Q2 the net change in employment reached 728k, representing the first positive net employment gain since March 2006 (Chart 1). Net job creation rates for firms with fewer than 100 employees staged a healthy bounce-back in hiring as compared to last quarter's data (Chart 2), which revealed that firms with 1 to 4 employees were significantly lagging other sizes of small firms. This quarter all sizes of small firms are registering similar trends in net job creation rates (Chart 4). While the rate of hiring at new firms remained essentially unchanged, the rate of hiring at existing expanding firms grew from 4.7% to 5.4% from 2010Q1 to 2010Q2. With regard to industries, natural resources and mining exhibited the highest seasonally-adjusted net employment change as a percentage of employment for 2010Q2, followed by professional and business services. The data is encouraging, but the level of job gains has yet to return to its precrisis level. The low level of job losses illustrates a lack of churn and exhaustion of layoffs.

Chart 1  
**National Job Gains and Losses, In Mn**



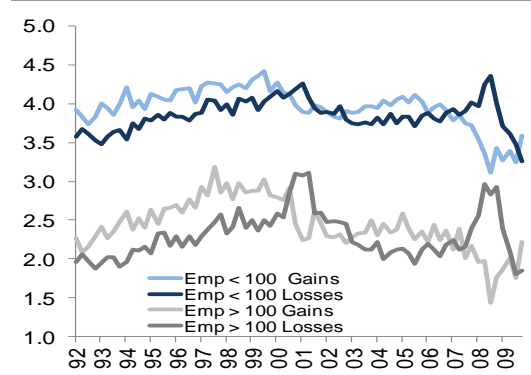
Source: BBVA Research and BLS

Chart 2  
**Net Job Creation by Firm Size, %**



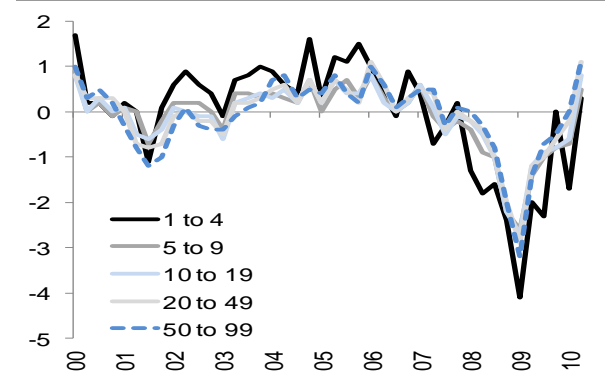
Source: BBVA Research and BLS

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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