

U.S.

# Economic Watch

February 8, 2011

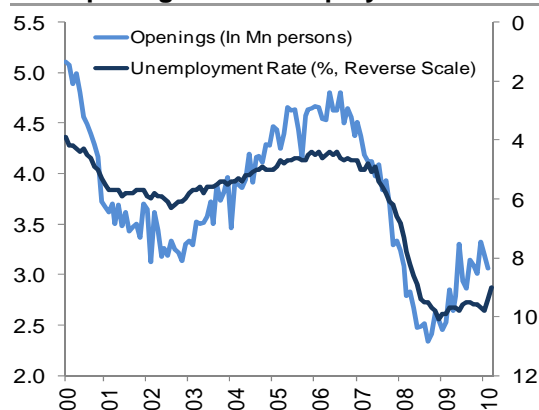
## Economic Analysis

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## Job Openings and Labor Turnover (JOLTS) Expect first major Beveridge Curve leftward shift next month

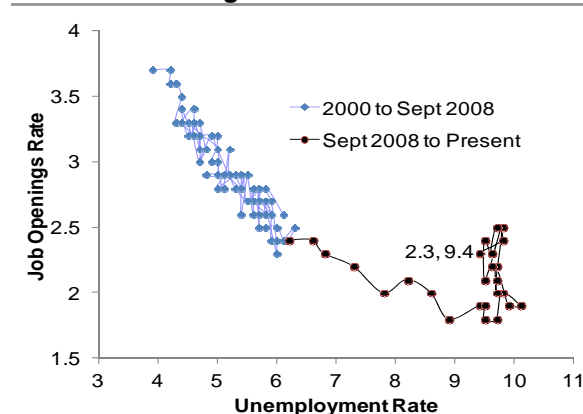
The current Beveridge Curve pairing (2.3,9.4) lies within the cluster of the past several months, but given January's snow-induced 9% unemployment rate, we will see an important leftward shift in the Beveridge Curve next month. This 9% pairing with a 2.3% to 2.5% openings rate will imply a limited uptick in structural unemployment. This is consistent with our Census regions relative unemployment variance, which currently lies at a level similar to the early 1990's recession, when considerable defense restructuring caused regional differences in unemployment. The question is how much we really trust January's unemployment rate, meaning overall our Beveridge Curve will remain subject to wildly-different interpretations. The main focus should be on the continued low openings and the tightening of the gap between private hires and separations. Openings fell in December, but due to the shortness of the JOLTS series this could be a seasonality effect.

Chart 1  
**Job Openings and Unemployment**



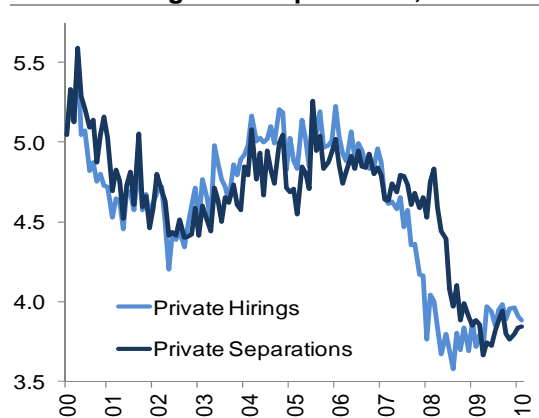
Source: BBVA Research and BLS

Chart 2  
**National Beveridge Curve**



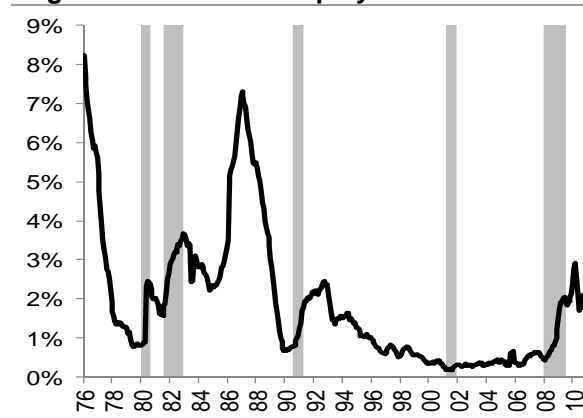
Source: BBVA Research and BLS

Chart 3  
**Private Hirings and Separations, In Mn**



Source: BBVA Research and BLS

Chart 4  
**Regional Relative Unemployment Variance**



Source: BBVA Research and BLS

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