

U.S.

Economic Watch

March 11, 2011

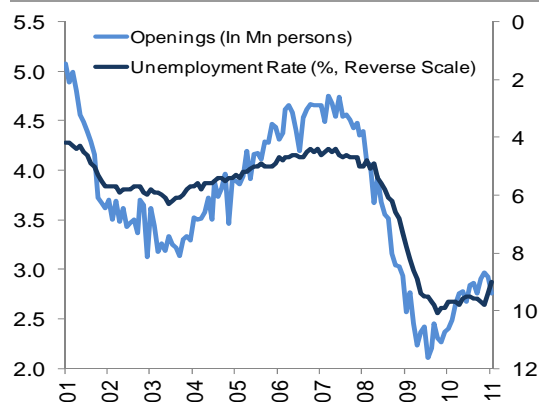
Economic Analysis

Jeffrey Owen Herzog
jeff.herzog@bbvacompass.com

Job Openings and Labor Turnover (JOLTS) Fewer Openings, Less Hiring, but Less Structural Shift

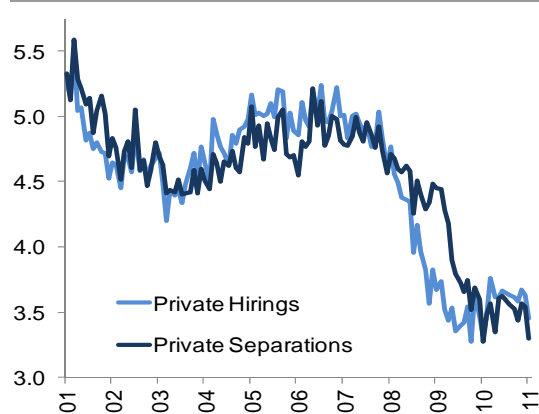
This month's release of the JOLTS features a revision of the seasonally-adjusted data back to 2006, indicating a slightly more nuanced description of structural unemployment over the crisis and recession timeframe. The updated data reveal that the job openings rate has remained within a tight band of 2.0% to 2.2% since Feb 2010. A lower job openings rate implies a smaller outward shift in the Beveridge Curve, which in turn implies only a slight increase in structural unemployment. The caveat, however, is the degree to which we trust the survey generating the unemployment rate. As a cross-reference, our industry relative unemployment variance demonstrates steady gains over the past few months, seasonal issues notwithstanding. Another cause for concern is that the hires rate remained at exactly 3.0% from April to December and declined to 2.8% in January. The new data indicates more sluggish hiring than previously known.

Chart 1
Job Openings and Unemployment



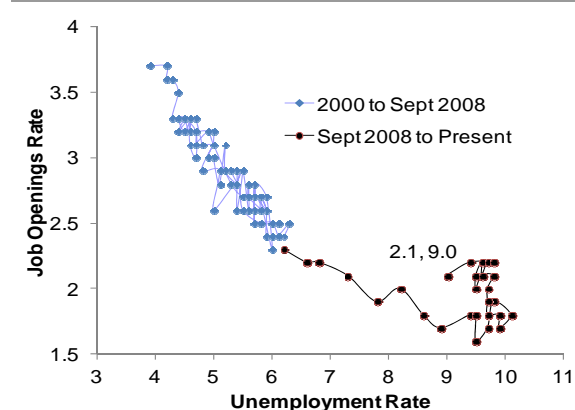
Source: BBVA Research and BLS

Chart 3
Private Hirings and Separations, In Mn



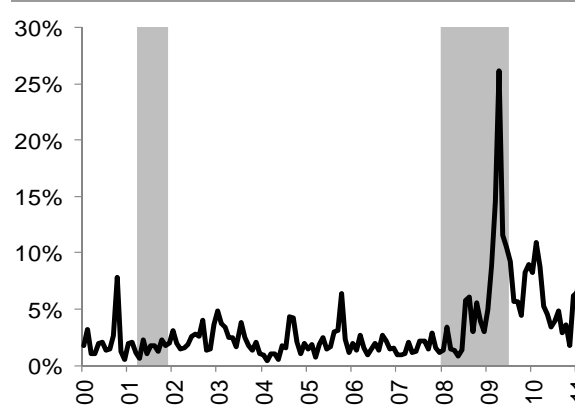
Source: BBVA Research and BLS

Chart 2
National Beveridge Curve



Source: BBVA Research and BLS

Chart 4
Industry Relative Unemployment Variance



Source: BBVA Research and BLS

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