

Economic Watch

US

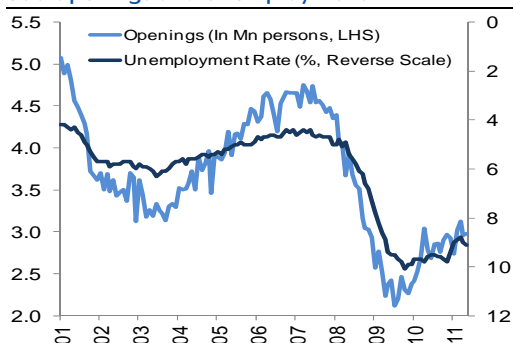
12 July 2011
Economic Analysis

US
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Job Openings and Labor Turnover (JOLTS) Weak Job Growth Signals Uncertainty for Coming Months

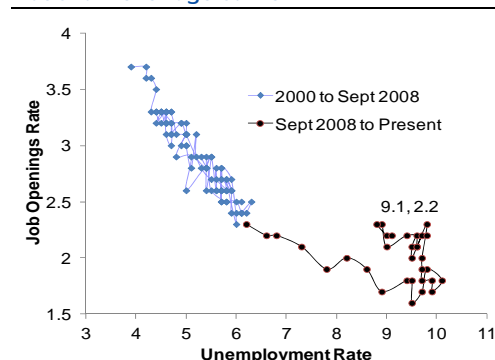
May's JOLTS data indicate weak growth in the labor market as the hirings and openings rates remained relatively unchanged while the job separations rate increased to 3.1%. The gap between hires and separations dropped significantly to 11k from a revised gap of 168k last month, with increasing lack of job creation in the private sector. The number of quits continued to increase in May, while remaining above the level of layoffs and discharges, suggesting that individuals believe jobs are available. Although the ratio of unemployed persons per job opening decreased to 4.7%, the number is still high compared to the pre-recession level of 1.8%. The Beveridge Curve, showing no change in the job openings rate and an increase in the unemployment rate to 9.1%, may indicate inefficiency in the labor market due to a mismatch between available jobs and the unemployed. The recent volatility in the industry relative unemployment variance, which measures structural unemployment, suggests uncertainty in employment growth in the coming months.

Chart 1
Job Openings and Unemployment



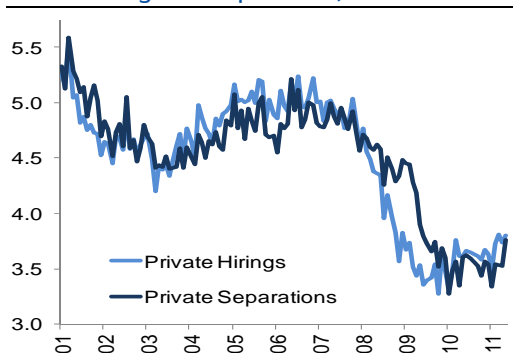
Source: BBVA Research and BLS

Chart 2
National Beveridge Curve



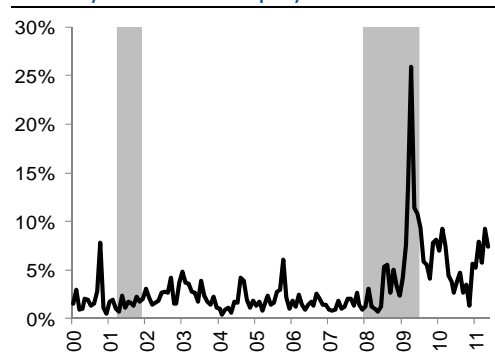
Source: BBVA Research and BLS

Chart 3
Private Hirings and Separations, In Mn



Source: BBVA Research and BLS

Chart 4
Industry Relative Unemployment Variance



Source: BBVA Research and BLS

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