

Economic Watch

US

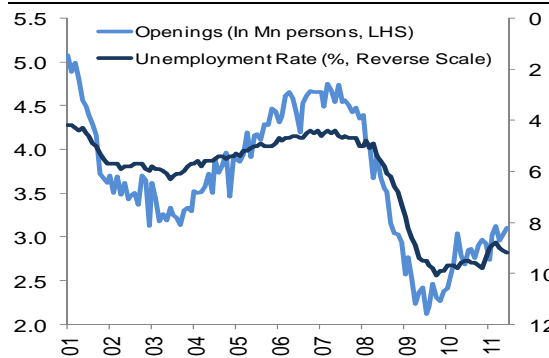
10 August 2011
Economic Analysis

US
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Job Openings and Labor Turnover (JOLTS) Weakness in Labor Market Suggests Sluggish Recovery

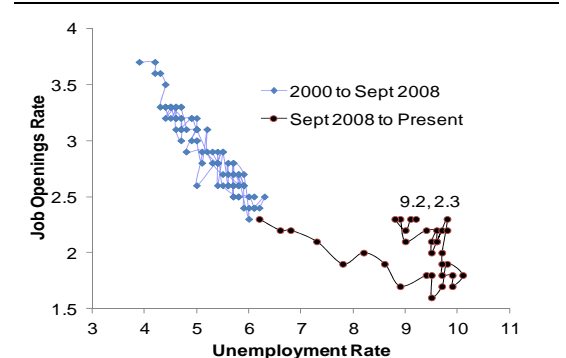
The June JOLTS data confirm weakness in the labor market as suggested by recent employment reports. Despite an increase of 75k in the number of job openings for a total of 3.1mn in June, figures remain far below the 4.4mn pre-recession level. On a non seasonally-adjusted YoY basis, total nonfarm and total private job openings increased, although the rate of job openings remained unchanged at 2.3%. The hiring rate remained low at 3.1%, mostly due to hiring declines in finance, insurance, and federal government over the year. The number of layoffs and discharges did not change from May, nor did the number of quits, suggesting that workers' attitudes regarding job availability have not improved. Shifts in the Beveridge Curve confirm increasing concerns of structural unemployment, while volatility in the industry relative unemployment variance signals continued uncertainty in the employment situation. Given the weak economic activity in recent months, it is likely that the labor market will experience a sluggish recovery in 2H11.

Chart 1
Job Openings and Unemployment



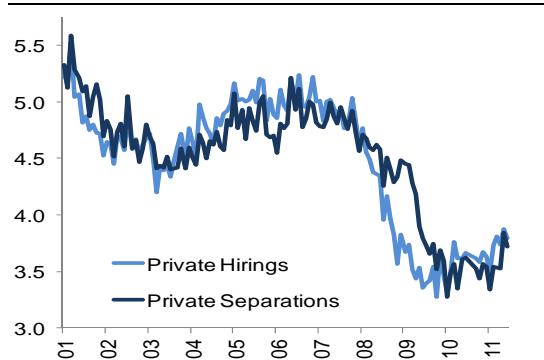
Source: BBVA Research and BLS

Chart 2
National Beveridge Curve



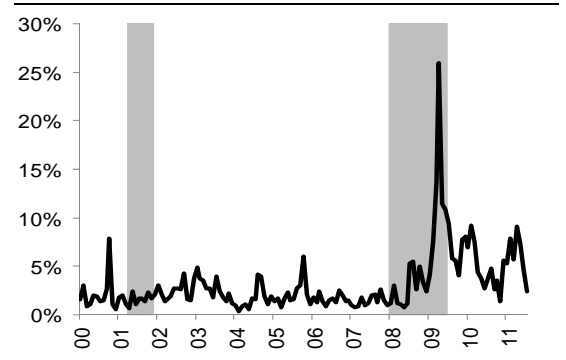
Source: BBVA Research and BLS

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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