

Economic Watch

US

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Economic Analysis

US

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Job Openings and Labor Turnover Employment Dynamics Still Far From Peak

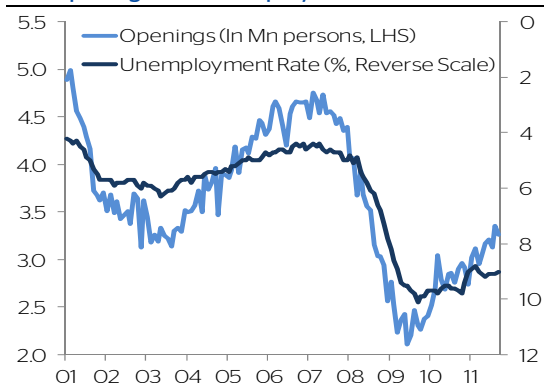
- Vacancies and hirings declined in October despite post-2009 upward trends
- Layoffs have fallen near all-time lows, mostly in the private sector
- Women exiting labor force drive November participation rate drop

Decline in vacancies may be forcing workers to leave the labor force

The JOLTS report for October was underwhelming considering the momentum gained in nonfarm payroll growth throughout the past few months. The number of job openings fell to 3.27mn after jumping to a 3-year high of 3.38mn in September. Although vacancies have trended upward since the low of 2.11mn at the end of the recession, levels have rebounded only 35% compared to the pre-recession peak of 4.76mn. Hiring trends have been much weaker, increasing only 12% since June 2009, suggesting that businesses remain hesitant to hire additional employees. However, layoffs and discharges dropped significantly in October and have approached historically-low levels. The decline in the openings rate was largely driven by professional and business services, which contributed to around half of the MoM decline in private sector job openings in October. While the number of initial jobless claims remained above 400K throughout October, levels declined in November and hint at improvements in job availability. In addition, the unemployment rate fell sharply to 8.6% in November, although it reflected a large decline in the participation rate. In particular, the number of women leaving the workforce increased by 419k in November, which is strong compared to 67k for men. The figure for women is significantly higher than the 12-month moving average (81k), whereas the figure for men is close (69k). While the level of the labor force has been roughly flat since the crisis, the number of people not in the labor force has steadily increased not only because of labor discouragement, but also because of long-term demographic trends such as the effect of retirements from the "baby boomer" population cohort. Interestingly, the YoY growth rate for men has been higher than for women over the past several months (Chart 4). Women are strongly represented in both expanding and shrinking industries, so it remains difficult to tell if the mix of industries is affecting the November drop in female labor force participation.

Chart 1

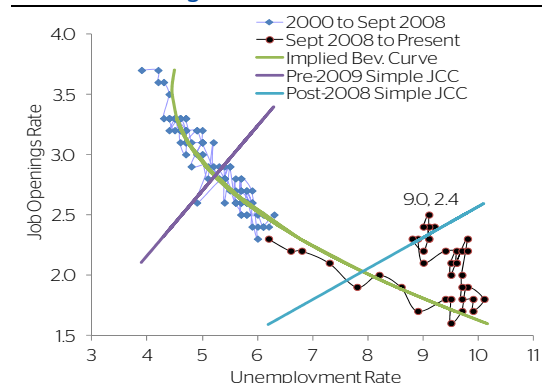
Job Openings and Unemployment



Source: BBVA Research and BLS

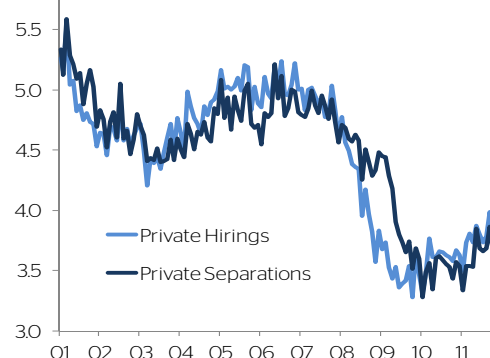
Chart 2

National Beveridge Curve



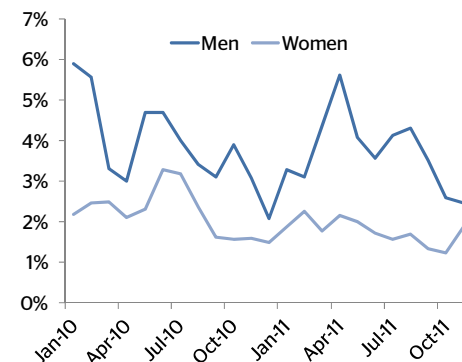
Source: BBVA Research

Chart 3
Private Hirings and Separations, In Mn



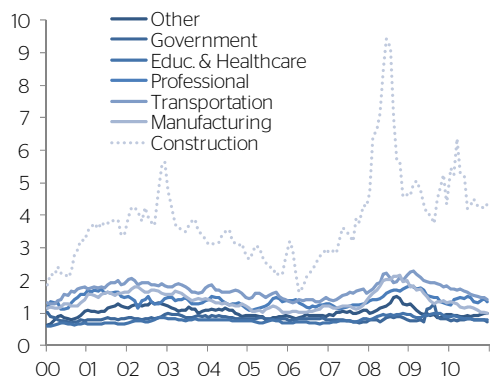
Source: BBVA Research and BLS

Chart 4
Men and Women Not in the Labor Force, YoY %



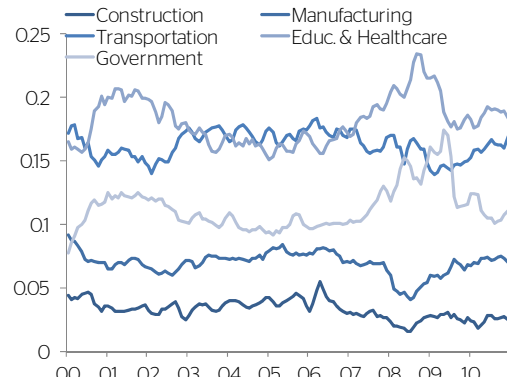
Source: BBVA Research and BLS

Chart 5
Vacancy Yield by Industry, 3MMA



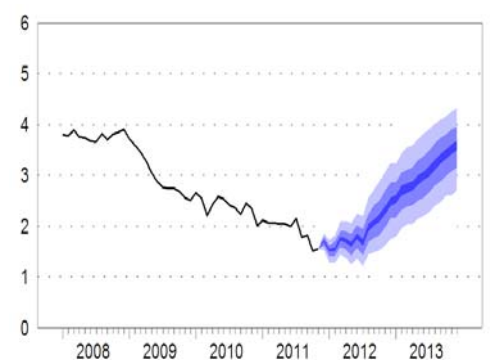
Source: BBVA Research and BLS

Chart 6
Share of Vacancies by Industry, 3MMA



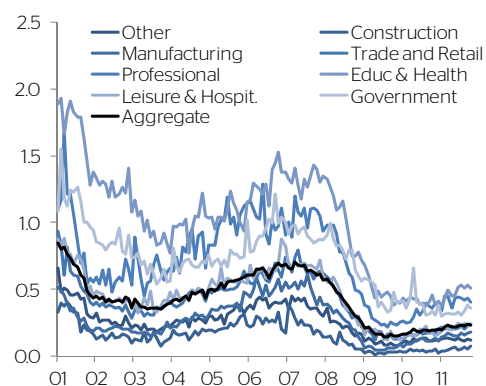
Source: BBVA Research and BLS

Chart 7
Nominal Average Hourly Earnings, YoY %



Source: BBVA Research

Chart 8
Labor Tightness by Industry (higher=tighter)



Source: BBVA Research and BLS

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