

Economic Watch

US

Houston, February 12, 2013
Economic Analysis

US

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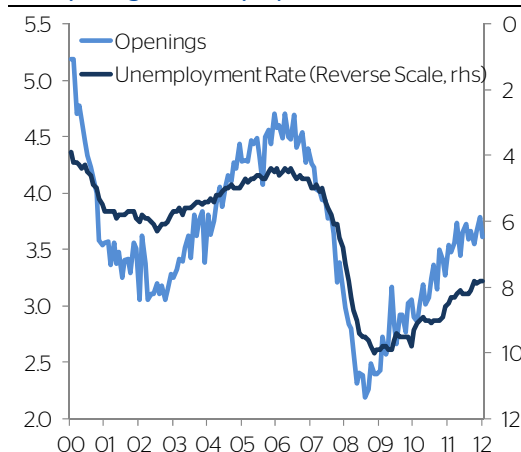
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Job Openings and Labor Turnover Labor Market Relatively Unchanged At Year End

- Declines in job openings and hires reflect dismal environment in 4Q12
- Construction and profession services emerged as the weakest sectors
- Overall, JOLTS data suggest slower improvements than payroll reports

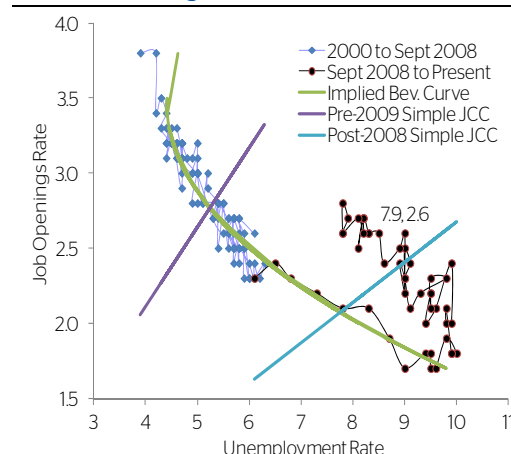
The Job Openings and Labor Turnover Survey (JOLTS) for December showed some signs of weakness in job availability and business hiring, but in the larger scheme of things, the situation was relatively unchanged. The job openings, hires, and separations rates all declined in December as the employment market stuttered over the political turmoil that dominated the end of 2012. While the employment report released for December showed a deceleration in the nonfarm figure, the JOLTS report showed a 4.6% decrease in job openings, particularly in the retail and professional services sectors. As companies geared up for the holiday season, most of the retail positions were likely filled prior to December in order to avoid onboarding during hotter retail periods. Further dampening was experienced in hires, down 4.8% for the month, with construction falling a significant 24.5% and professional and business services down 16.1%. For the year as a whole, the figures emerged mostly unchanged, with a modest 2% rise in openings and a 0.1% gain in hires from December 2011. Despite some volatility throughout the year due to weather and politics, 2012 emerged mildly better than 2011 but overall still unimpressive. Separations for December declined 3.6% as construction, professional services and healthcare retained a higher percentage of employees than other industries. Trade and leisure were the two major sectors that saw an increase in separations and a deeper look into the figures suggest that a majority of those separations were layoffs rather than quits. The total number of quits remained relatively unchanged while layoffs saw a decrease from November, suggesting some improvement from earlier in the year. Although the unemployment rate has been declining and jobless claims are becoming less volatile while showing signs of improvement, the JOLTS report seems to be pointing toward an even more gradual improvement of the employment situation than the more touted employment statistics.

Chart 1
Job Openings & Unemployment (Millions, %)



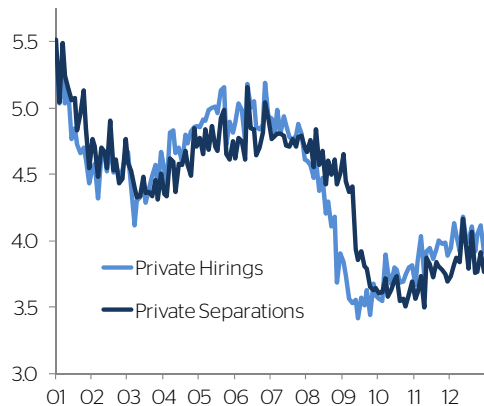
Source: Bureau of Labor Statistics and BBVA Research

Chart 2
National Beveridge Curve



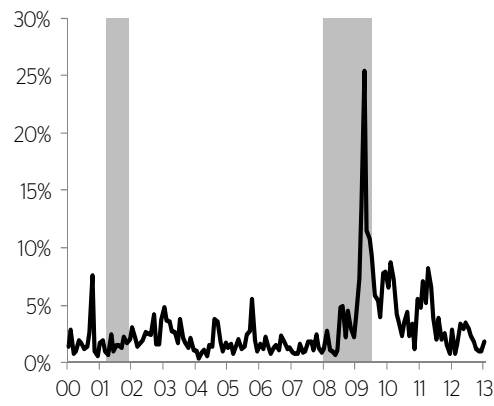
Source: Bureau of Labor Statistics and BBVA Research

Chart 3
Private Hirings & Separations (Millions)



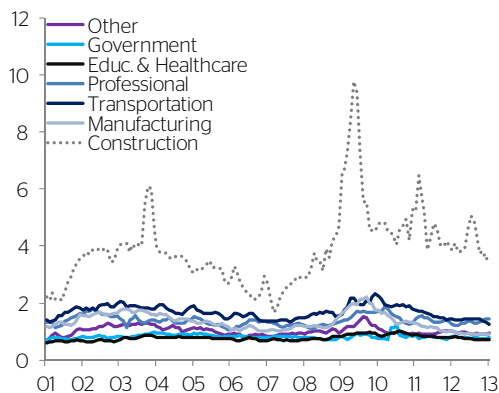
Source: Bureau of Labor Statistics and BBVA Research

Chart 4
Industry Relative Unemployment Variance



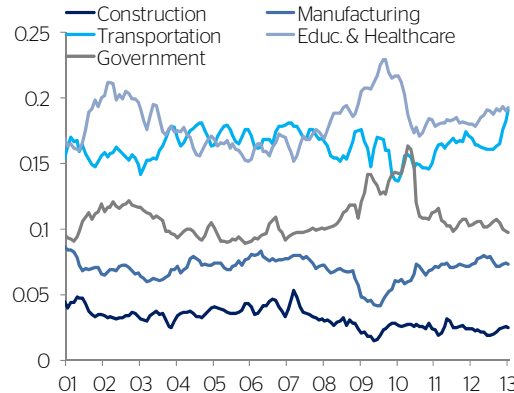
Source: Bureau of Labor Statistics and BBVA Research

Chart 5
Vacancy Yield by Industry (3MMA)



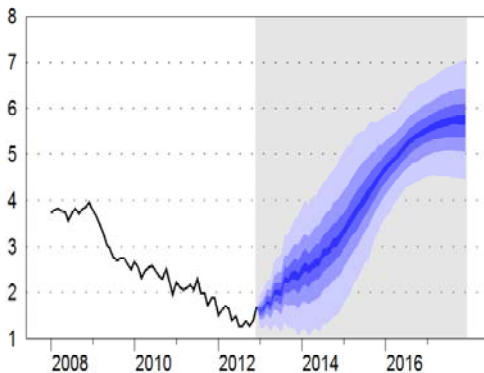
Source: Bureau of Labor Statistics and BBVA Research

Chart 6
Share of Vacancies by Industry (3MMA)



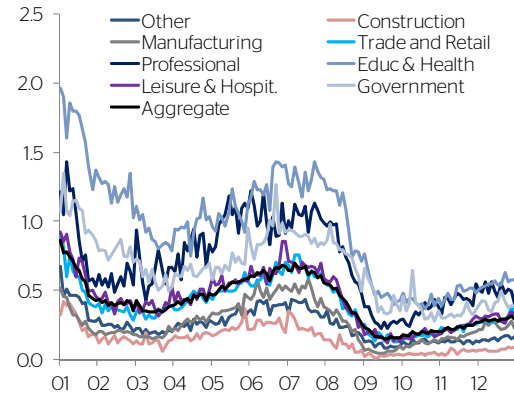
Source: Bureau of Labor Statistics and BBVA Research

Chart 7
Nominal Average Hourly Earnings (YoY %)



Source: BBVA Research

Chart 8
Labor Tightness by Industry (higher=tight)



Source: Bureau of Labor Statistics and BBVA Research

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