

Economic Watch

US

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Economic Analysis

US

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Job Openings and Labor Turnover

Openings Increase at a Quick Pace After Slow Start to 1Q13

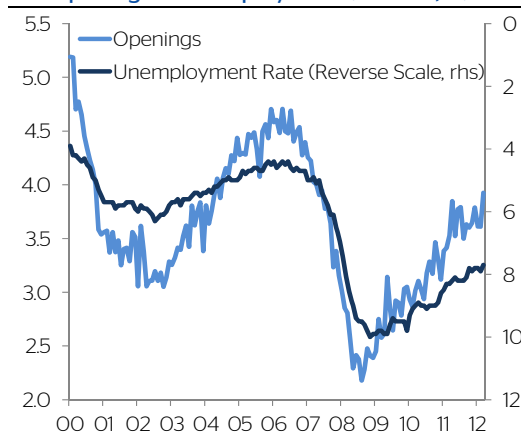
- Job openings rise to recovery high, led by education and leisure
- Hires up for second straight month but remain similar to year-ago levels
- Stronger growth in February points toward better situation for 1Q13

The Job Openings and Labor Turnover Survey (JOLTS) for February 2013 suggests stronger growth in job openings and hirings compared to January, as suggested by the corresponding nonfarm payroll reports. Following two months of declines, job openings increased 8.7% to 3925K in February, the highest level since May 2008, mostly due to gains in the education and leisure and hospitality sectors. Most of the other listed components noted an increase in vacancies except for the trade, transportation, and utilities sector which declined for the third consecutive month. The job openings rate hit 2.8% for the first time since June.

In line with the significant job growth seen in the employment situation for February, hires in the JOLTS report increased 2.8% to 4418K, continuing the overall positive trend since the trough in June 2009. However, the number of hires has been extremely volatile throughout the past year, and February's figure is basically on par with levels seen 12 months ago. With what we know about the employment report for March, it is not surprising that hires continue to lag behind the number of job openings. This again brings up the issue of structural unemployment and a possible mismatch among employer needs and available employees. Similarly, while the number of separations increased for February, the number of quits remained unchanged. Layoffs and discharges increased for the first time in three months. Thus, it is clear that individuals in February were not so comfortable with their expectations for job availability.

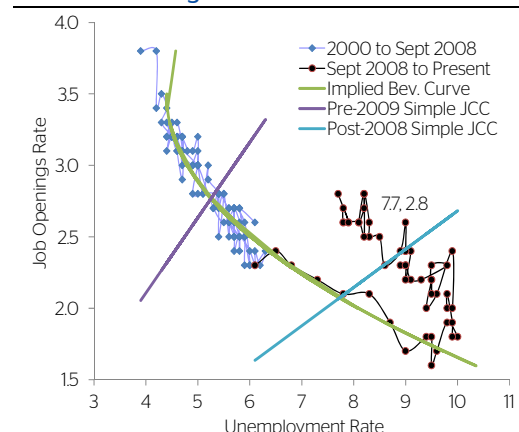
Overall, the JOLTS report for February continues to show signs of growth and follows a very strong employment situation in terms of payroll growth for the month. However, with the latest data from March we know that the labor market momentum falters, at least only temporarily, and the upcoming JOLTS report is likely to shed some light on the sectors that produced the weakest job growth.

Chart 1
Job Openings & Unemployment (Millions, %)



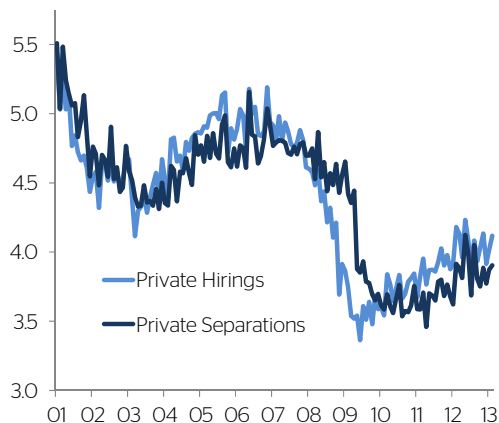
Source: Bureau of Labor Statistics and BBVA Research

Chart 2
National Beveridge Curve



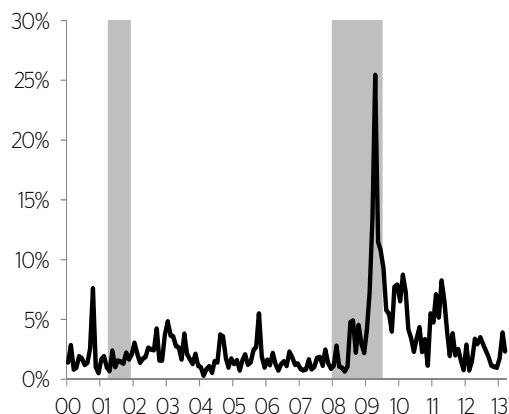
Source: Bureau of Labor Statistics and BBVA Research

Chart 3
Private Hirings & Separations (Millions)



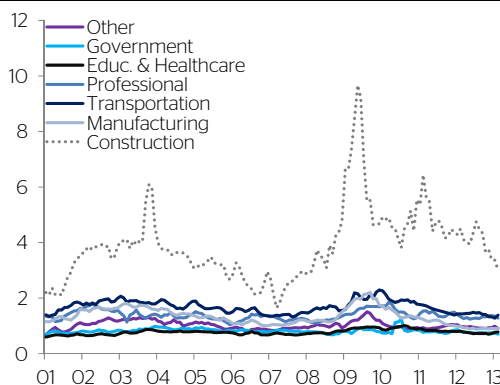
Source: Bureau of Labor Statistics and BBVA Research

Chart 4
Industry Relative Unemployment Variance



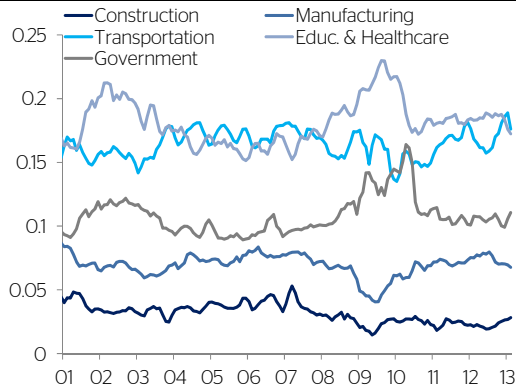
Source: Bureau of Labor Statistics and BBVA Research

Chart 5
Vacancy Yield by Industry (3MMA)



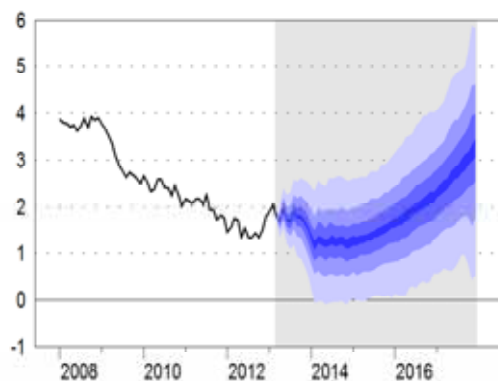
Source: Bureau of Labor Statistics and BBVA Research

Chart 6
Share of Vacancies by Industry (3MMA)



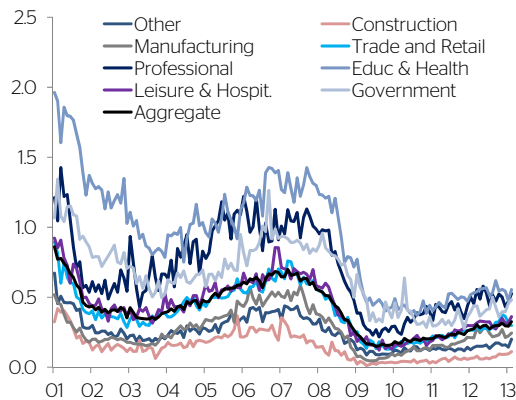
Source: Bureau of Labor Statistics and BBVA Research

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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