

Economic Watch

US

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Economic Analysis

US

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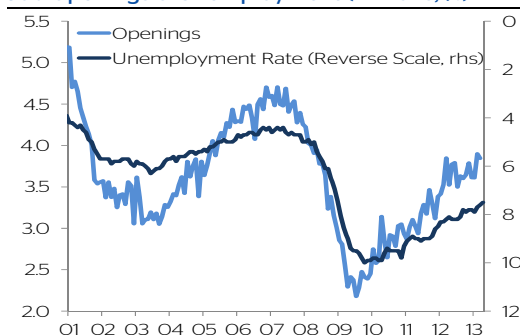
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Job Openings and Labor Turnover March Openings and Hires Decline as Separations Increase

- Job openings declined slightly, with construction vacancies down 12.9%
- The hiring rate fell to 3.2%, mostly due to slowing in manufacturing
- Fewer quits suggests that workers are less confident about job availability

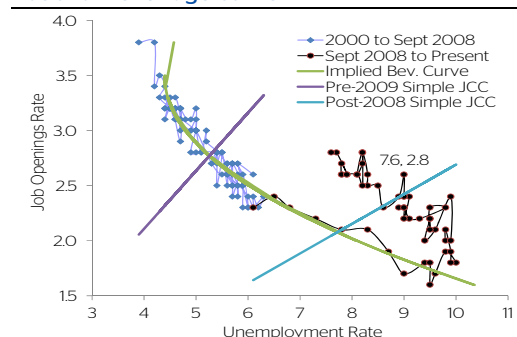
The Job Openings and Labor Turnover Survey (JOLTS) report for March 2013 points toward a weaker labor market for the month as both job openings and hires declined while total separations rose. Following a hefty upswing in job openings for February, vacancies in March fell 1.4%, the third decline in four months, pulled down by a handful of sectors. Job vacancies in the construction sector were the biggest negative of the report, down 12.9% and more than offsetting the significant increase seen in February. Construction is often very volatile on a month-to-month basis and the latest drop in job openings is mostly reflective of slightly slower housing activity. However, we do expect that this component will turn positive again once we hit the spring and summer months when construction is more prevalent. Other sectors that experienced declines in job openings for March included the government, education and health services, professional and business services, and manufacturing. Job openings increased in only two sectors: trade, transportation and utilities, and leisure and hospitality, both of which hint at where consumer activity has been most concentrated in recent months. Not only was job availability more depressed in March, but businesses also appeared more reluctant to hire. The JOLTS report noted that hires rose in only two of the reported sectors (professional and business, and education and health services) while declining in the remaining components. Slowing manufacturing activity seems to be the culprit here, with hiring in the sector down a massive 13.4% for the second time in three months. Hiring also declined in trade, transportation, and utilities even though job openings increased for the month. Coupled with the declines in openings and hires, total separations rose slightly for the third consecutive month as layoffs and discharges increased 7.7% to the highest level in four months. Surprisingly, these separations actually declined 1.9% in the government sector while private layoffs and discharges increased 8.5%. Furthermore, the number of quits declined 5.5% in March following two consecutive months of gains, suggesting that individuals are a bit less comfortable in leaving their current job on the prospect of finding another in the near term. Overall, the situation is in line with the employment report for March which noted a slowing trend in nonfarm payroll growth.

Chart 1
Job Openings & Unemployment (Millions, %)



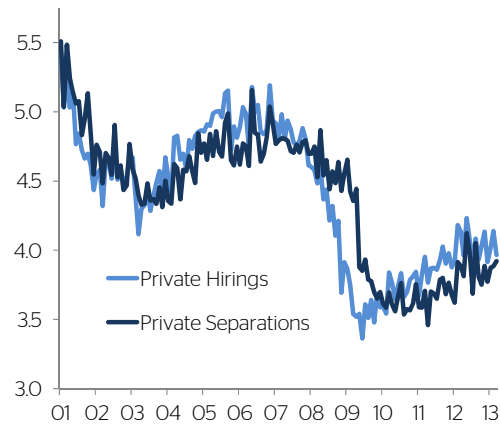
Source: Bureau of Labor Statistics and BBVA Research

Chart 2
National Beveridge Curve



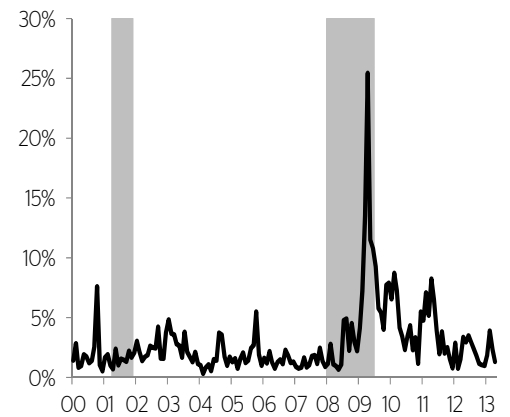
Source: Bureau of Labor Statistics and BBVA Research

Chart 3
Private Hirings & Separations (Millions)



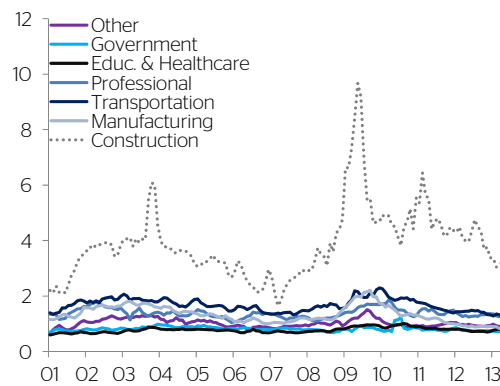
Source: Bureau of Labor Statistics and BBVA Research

Chart 4
Industry Relative Unemployment Variance



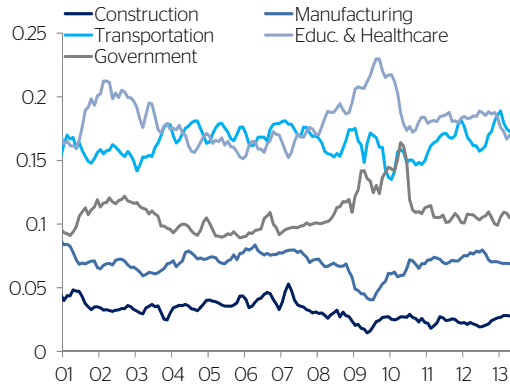
Source: Bureau of Labor Statistics and BBVA Research

Chart 5
Vacancy Yield by Industry (3MMA)



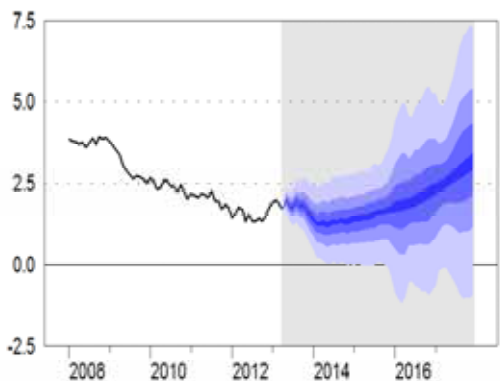
Source: Bureau of Labor Statistics and BBVA Research

Chart 6
Share of Vacancies by Industry (3MMA)



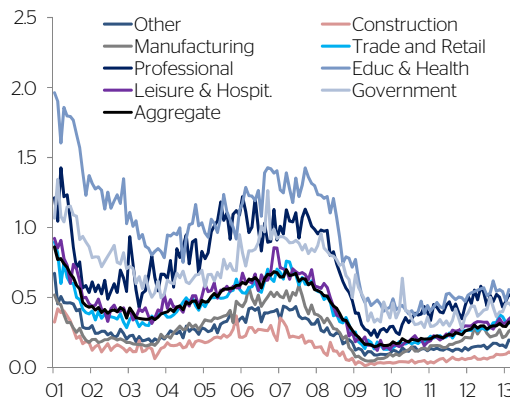
Source: Bureau of Labor Statistics and BBVA Research

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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