

Economic Watch

US

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Economic Analysis

US

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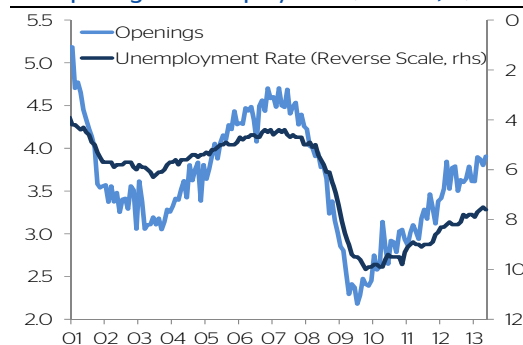
Job Openings and Labor Turnover

Openings rise while hiring slows and separations decline

- Job openings rose by 29K with professional services adding 69K
- The rate of hiring fell to 3.1% on overall weakness across all industries
- Separations declined, mostly due to a drop in layoffs and discharges

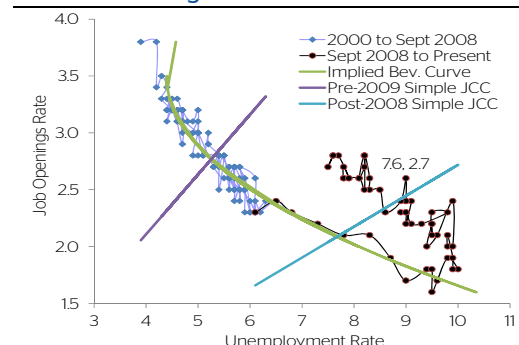
The Job Openings and Labor Turnover Survey (JOLTS) report for June 2013 showed a mixed bag of data as job openings rose, hires declined, and separations fell. Job openings rose 29K (0.7%) for the third straight month to the highest level since May 2008. The breakdown in terms of sectors was mixed with construction, retail trade and accommodation & food services showing moderate to strong growth. Professional services were the driver in June however, adding 69K available jobs in June after a deep decline the month prior. However, unlike the stronger May figures, there were a handful of sectors that saw declines. Government openings were the laggard for June, falling 26K followed by education & health services which fell 19K. Unlike openings, the hiring situation was starkly more negative despite the nonfarm payrolls data for June which showed accelerating growth. Total private hiring fell 278K, the fastest pace since November 2008 as all but one category showed a decline. The industries with the largest declines were trade & transport (47K) and education & health (87K) services with the remaining components still showing overall weakness. The only industry to add any hires was arts & entertainment, which added 6K. Separations for June were a bright spot in the report, declining 300K overall with every industry reporting fewer separations. Similar to May's report, the decline in separations was primarily in the layoffs and discharges category, purportedly the least favorable given that it reports the involuntary separation of an employee rather than the quit level. Government and information services both let go of employees along with education, laying off 45K, 13K and 6K, respectively. Quits also declined in June, except for in education and trade & transport. Overall, June seems to have been a mediocre month for the labor market. Openings were up although not in every sector and even though hiring was weak for the month, separations were on the decline which can be interpreted as a balanced month. We expect that government will continue to be a drag on hiring and separations while the professional services sector continues to be the bright spot in the report. Given the weaker payroll figure for July however, there is downside potential as nonfarm growth was less than expected.

Chart 1
Job Openings & Unemployment (Millions, %)



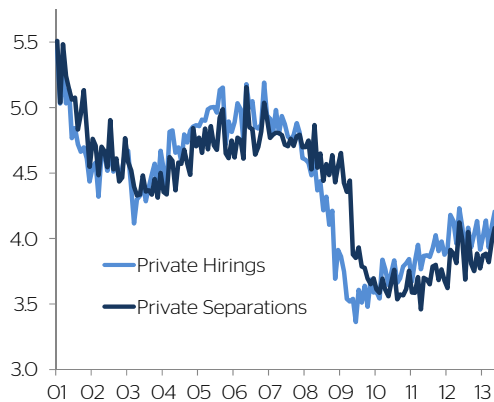
Source: Bureau of Labor Statistics and BBVA Research

Chart 2
National Beveridge Curve



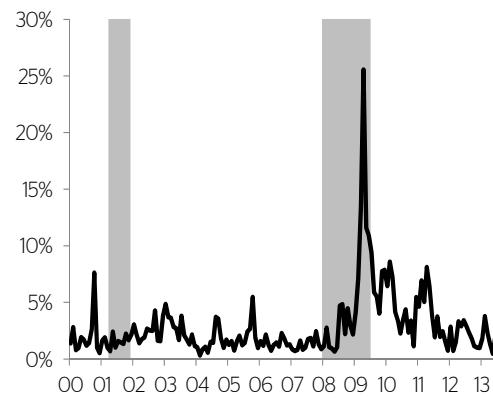
Source: Bureau of Labor Statistics and BBVA Research

Chart 3
Private Hirings & Separations (Millions)



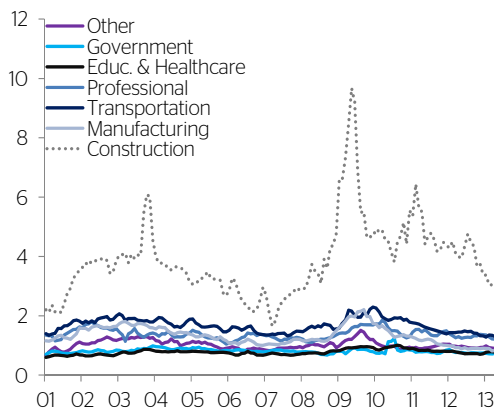
Source: Bureau of Labor Statistics and BBVA Research

Chart 4
Industry Relative Unemployment Variance



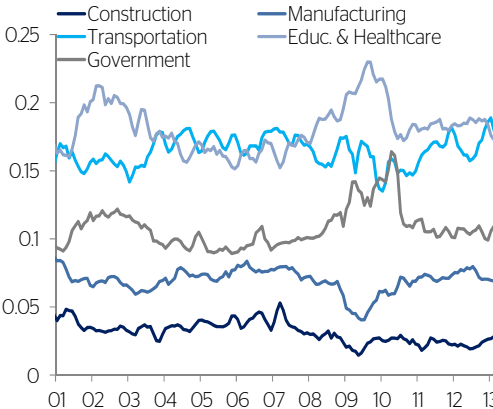
Source: Bureau of Labor Statistics and BBVA Research

Chart 5
Vacancy Yield by Industry (3MMA)



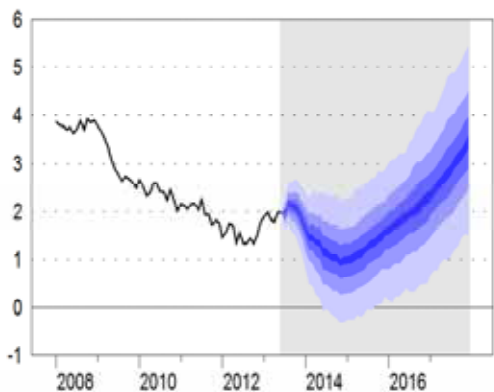
Source: Bureau of Labor Statistics and BBVA Research

Chart 6
Share of Vacancies by Industry (3MMA)



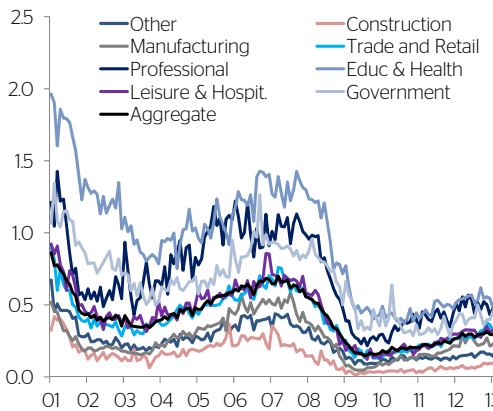
Source: Bureau of Labor Statistics and BBVA Research

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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