

Economic Watch

US

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Economic Analysis

US
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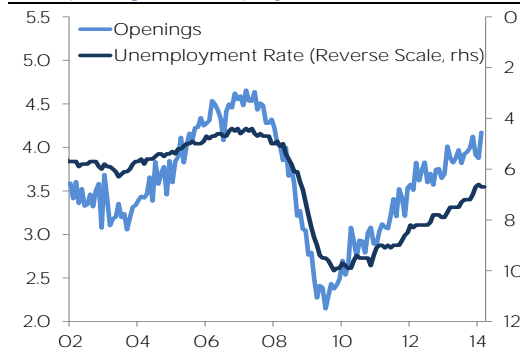
Job Openings and Labor Turnover Openings and hirings recover in February from winter slowdown

- Job openings rose 7.7% to 4.17M, the highest level since January 2008
- Total hirings rebounded but continue to trend downward on a YoY basis
- Sluggish labor market improvements expected to continue in 2014

The Job Openings and Labor Turnover Survey (JOLTS) for February 2014 reported a strong increase in openings from January. Though job openings were revised downward from 3974K to 3874K in January, February's data were more than enough to recover from the winter slowdown. Openings increased 299K (7.7%), bringing the total up to 4.17M, the highest level since January 2008. Total private sector job openings increased 303K, led by professional and business services, which accounted for two-thirds of the surge (202K). Shifting to hiring, the JOLTS data point to a recovery from January's drop, with private sector hires up 59K, largely cancelling out the prior month's 63K drop. Still, total hirings are up only 0.8% YoY, continuing a downward trend that began back in September; thus, the improvement appears to be stagnating. Looking at specific sectors, manufacturing and construction remain on our radar as we look for signals of a stronger recovery. In February, job openings and hirings declined for both sectors, which is somewhat inconsistent with the stronger payroll growth for these sectors during the month. Still, we remain upbeat about job growth in these sectors as consumer demand picks up into the year.

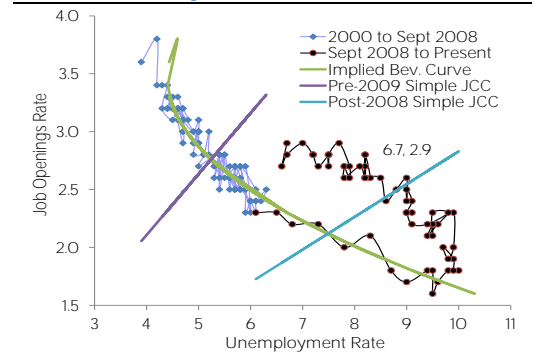
Total separations for February declined 24K, but a notable 84K drop came from layoff and discharges, and thus were not voluntary. The discharge figure may signal that companies are again looking to cut costs and become leaner to remain competitive. The quits rate for February held steady at 1.7%, and while the rate is far from the 1.3-1.4% levels seen in 2009, the rate still has room for improvement to reach the 2.0%+ consistently seen before the recession. Still, the gradual improvement in the quits rate signals a boost in labor market confidence, as workers are willing to leave their current positions in search of a new one. While the hiring and job openings data continue to show gradual improvement, the separations statistic appears to be stagnant and remain far from pre-recession levels, so consumers do not have their full confidence restored quite yet. Keeping the bigger picture in mind, the data show improvement in the labor market, albeit at a modest pace. Looking ahead to 2014, we do not believe this trend will change and expect continued sluggish improvements in the overall labor market.

Chart 1
Job Openings & Unemployment (Millions, %)



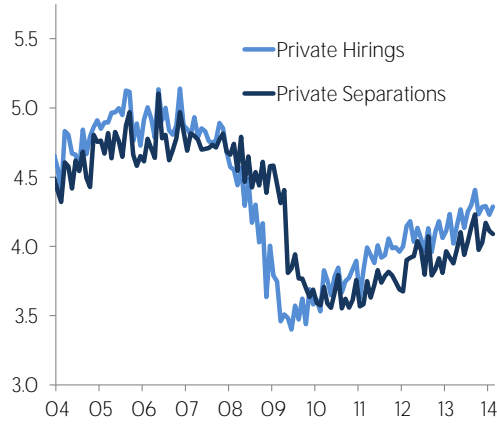
Source: Bureau of Labor Statistics and BBVA Research

Chart 2
National Beveridge Curve



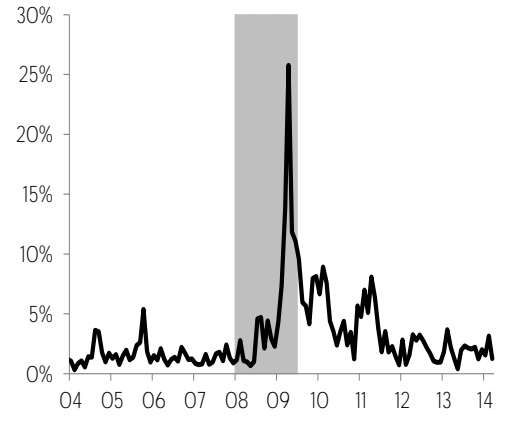
Source: Bureau of Labor Statistics and BBVA Research

Chart 3
Private Hirings & Separations (Millions)



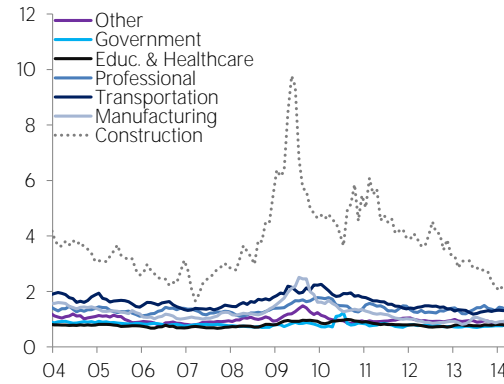
Source: Bureau of Labor Statistics and BBVA Research

Chart 4
Industry Relative Unemployment Variance



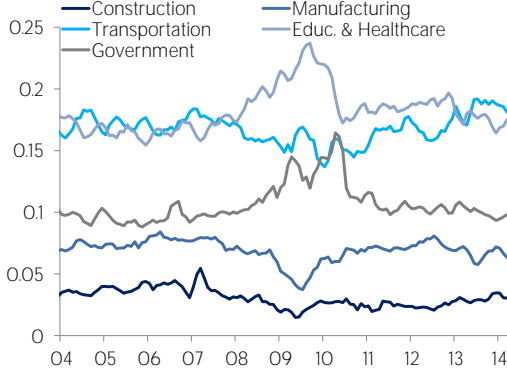
Source: Bureau of Labor Statistics and BBVA Research

Chart 5
Vacancy Yield by Industry (3MMA)



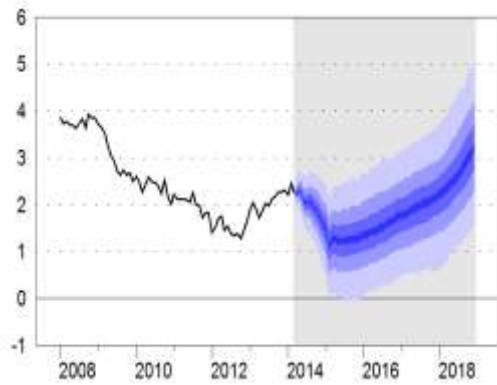
Source: Bureau of Labor Statistics and BBVA Research

Chart 6
Share of Vacancies by Industry (3MMA)



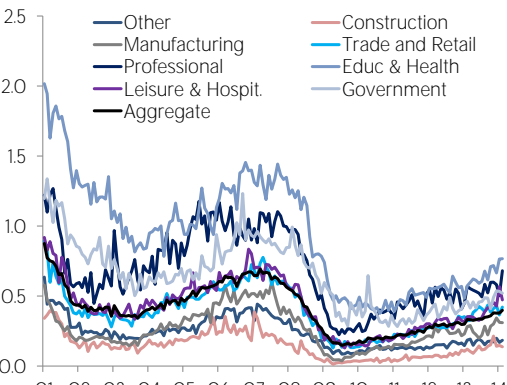
Source: Bureau of Labor Statistics and BBVA Research

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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