

Economic Analysis

Weekly Focus: JOLTS and Retail Sales

Kim Chase

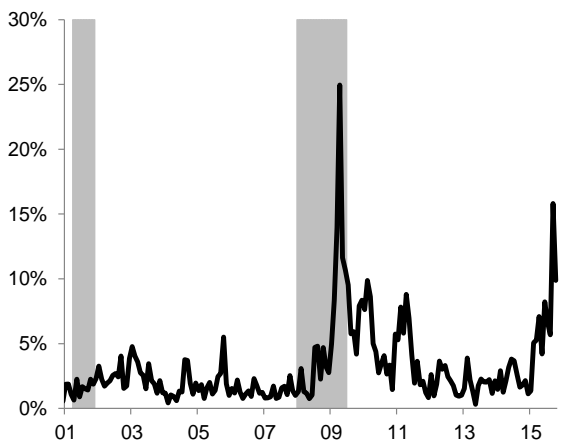
JOLTS Data Continue to Show Improvement in Unemployed Per Job Opening

Job growth appears to have recovered from a brief slowdown in the third quarter ([see October's jobs report](#)), though we may still see some weakness lingering in **September's JOLTS data (Thursday)**. Since the release is lagged an extra month behind the payroll figures, it is likely that the JOLTS details will reflect some of the negativity seen in September in regards to the slow pace of hiring. However, there are still positive signals supporting a healthy labor market. In particular, the number of unemployed per job opening has fallen back to pre-crisis levels below 1.5. This has been a key indicator to watch for the FOMC, with their goal of 2.0 unemployed individuals per opening having been met back in August 2014. If anything, this should be one of the positive takeaways from September's JOLTS report. Still, it is important to remember that there has been an increase in unemployment variance across industries. Some sectors are suffering more than others given the economic developments throughout the past year, with many layoffs coming from oil and gas. Industry unemployment variance recently jumped to the highest level since the crisis, reminding us that there are still weaknesses in the labor market despite October's strong employment report.

Retail Sales Showing Strength as the Holiday Season Approaches

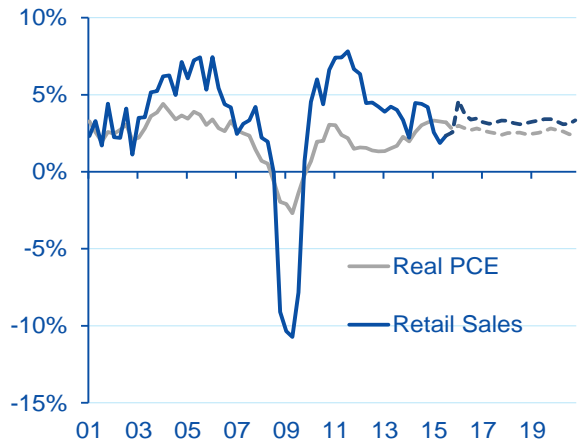
Consumer spending continues to drive economic growth in the U.S., and there are no signs of it slowing down anytime soon. Now that we are already almost halfway through the fourth quarter, it is time to start thinking about the potential for retail sales as we quickly approach the holiday shopping season. Confidence has been steady, and plans to buy bigger ticket items have been growing (as confirmed by recent strength in auto sales). In addition, outstanding consumer credit continues to rise, even in the revolving form, suggesting that individuals are ready to take on additional debt in order to fuel their gift-giving needs. Although retail sales growth tends to be a bit more volatile than personal consumption, we expect that both will remain strong in the coming year.

Graph 1
Industry Relative Unemployment Variance (%)



Source: BLS & BBVA Research

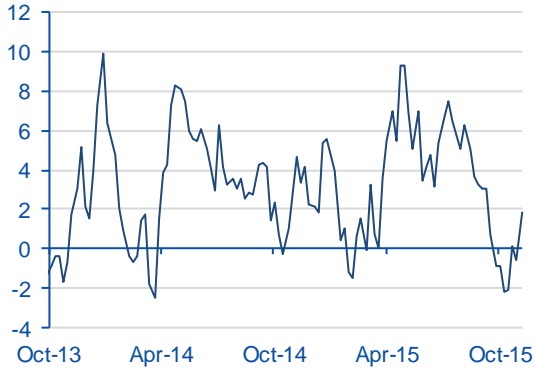
Graph 2
Retail Sales & PCE Forecasts (YoY % Change)



Source: Census, BEA, & BBVA Research

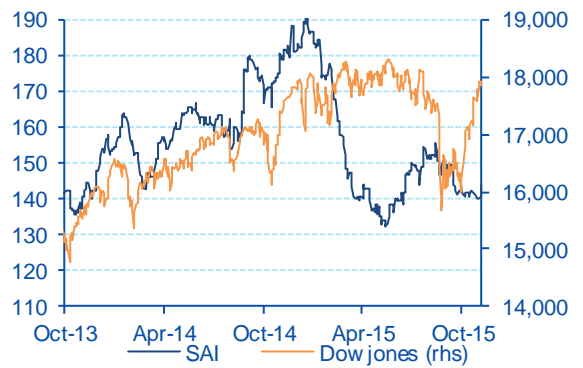
Economic Trends

Graph 3
BBVA USA Weekly Activity Index (3 month % change)



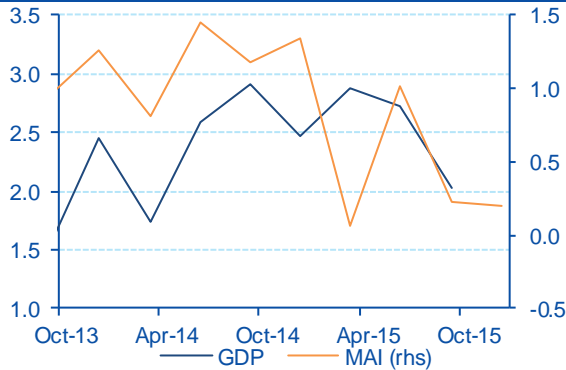
Source: BBVA Research

Graph 4
BBVA USA Surprise Activity Index & Dow Jones (Index 2009=100 & eop)



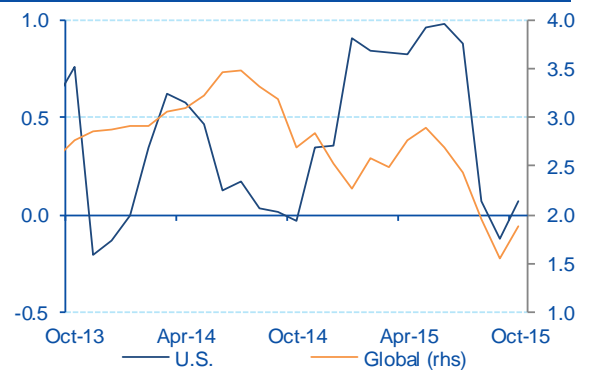
Source: Bloomberg & BBVA Research

Graph 5
BBVA USA Monthly Activity Index & Real GDP (4Q % change)



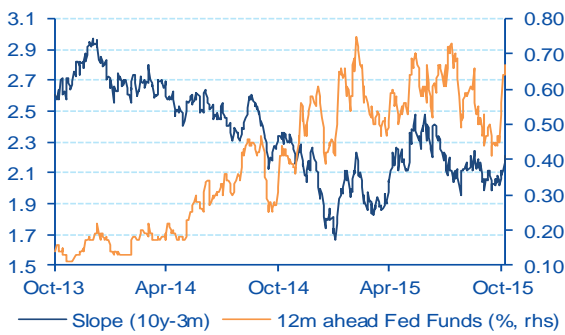
Source: BBVA Research & BEA

Graph 6
BBVA USA Risk Index (> 0 = increasing risk)



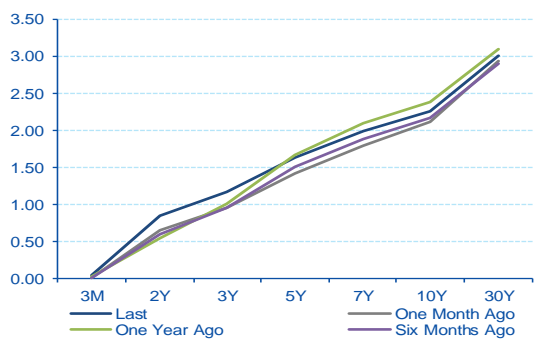
Source: BBVA Research

Graph 7
Fed Futures & Yield Curve Slope (% & 10year-3month)



Source: Haver Analytics & BBVA Research

Graph 8
U.S. Treasury Yield Curve (% p.a.)



Source: Haver Analytics & BBVA Research

Week Ahead Economic Calendar

Date	Event	Period	BBVA	Consensus	Previous
10-Nov	NFIB Small Business Optimism Index	OCT	96.30	96.50	96.10
10-Nov	US Import Price Index by End Use All MoM NSA	OCT	0.30	-0.10	-0.10
10-Nov	Merchant Wholesalers Inventories Total Monthly % Change	SEP	0.10	0.05	0.10
12-Nov	US Initial Jobless Claims SA	NOV 7	268.00	270.00	276.00
12-Nov	US Continuing Jobless Claims SA	OCT 31	2155.00	2165.00	2163.00
12-Nov	US Job Openings By Industry Total SA	SEP	5450.00	5385.00	5370.00
13-Nov	Adjusted Retail & Food Services Sales SA Total Monthly % Change	OCT	0.30	0.30	0.10
13-Nov	Adjusted Retail Sales Less Autos and Gas Stations SA MoM Percent Change	OCT	0.20	0.40	0.00
13-Nov	US PPI Final Demand MoM SA	OCT	0.20	0.20	-0.50
13-Nov	US PPI Final Demand Less Foods and Energy MoM SA	OCT	0.20	0.10	-0.30
13-Nov	University of Michigan Consumer Sentiment Index	NOV P	92.20	91.50	90.00
13-Nov	US Manufacturing & Trade Inventories Total MoM SA	SEP	0.10	0.00	0.00

Economic Outlook

	2015			2016	2014	2015	2016	2017
	2Q	3Q	4Q	1Q				
Real GDP (% SAAR)	3.9	1.5	2.7	2.2	2.4	2.5	2.5	2.4
CPI (YoY %)	0.0	0.1	0.9	2.2	1.6	0.2	1.8	1.9
CPI Core (YoY %)	1.8	1.8	1.9	1.9	1.7	1.8	1.8	1.9
Unemployment Rate (%)	5.4	5.2	5.0	5.0	6.2	5.3	4.9	4.6
Fed Target Rate (eop, %)	0.25	0.25	0.50	0.50	0.25	0.50	1.00	2.00
10Yr Treasury (eop, % Yield)	2.36	2.17	2.33	2.43	2.21	2.33	2.51	3.21
US Dollar/ Euro (eop)	1.12	1.12	1.07	1.08	1.23	1.07	1.13	1.16
Core Logic Home Prices (YoY %)	5.14	5.62	7.51	7.70	7.67	5.80	4.66	2.45

Fun Fact

One of the many stipulations of the Trans-Pacific Partnership (TPP) assists Vietnam in exporting catfish to the U.S. In 2012, Vietnam exported nearly 250 million pounds of catfish, making up more than 60% of the American market. (Politico, October 2015)

Recent Publications

[Strong Jobs Boost Probability for December Liftoff](#) (November 6, 2015)

[3Q15 Productivity Reflects Slowdown in Output and Hours Worked](#) (November 5, 2015)

[3Q15 GDP Growth Slows to 1.5% as Expected](#) (October 29, 2015)

[FOMC Statement: Rate Remains Unchanged as FOMC Hopes for December Liftoff](#) (October 28, 2015)

[U.S. Real GDP Growth Nowcast: 1.49% for 3Q15](#) (October 26, 2015)

[CRE Going Strong, at Least for the Time Being](#) (October 26, 2015)

[U.S. Auto Industry Chartbook 3Q15](#) (October 26, 2015)

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