

Economic Watch

US

Houston, March 12, 2013
Economic Analysis

US

Alejandro Vargas
alejandro.vargas@bbvacompass.com

Kim Fraser
kim.fraser@bbvacompass.com

Job Openings and Labor Turnover Openings Rise but Labor Market Remains Relatively Unchanged

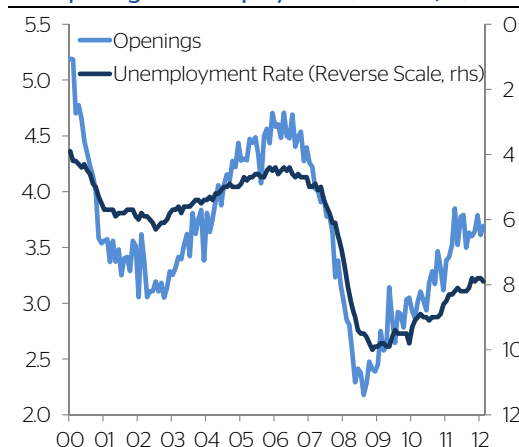
- **Increases across the board in job openings, hires, and separations**
- **Education, healthcare, and leisure fair worse than other sectors**
- **An overall sluggish start to 2013 as political and business pressures weigh**

The Job Openings and Labor Turnover Survey (JOLTS) for January 2013 shows some weak growth in the labor market as headwinds put pressure on employment. Overall the report continues to show slow but steady growth in job openings and hires in lively sectors while separations remain relatively subdued. However, unlike December's bleak report, January does impart some optimism about the month's employment situation. Job openings increased, as did hires, in most of the industries surveyed. There was a 0.1% increase in overall job openings to 3.7 million due to growth from the professional and business services and trade, transportation and utilities. This was dampened by a decline in openings for education and healthcare services and leisure and hospitality services, falling 0.4% and 0.2% respectively.

In addition, hiring rose in construction and professional and business services while declining markedly in leisure and hospitality. Separations also rose in the private sector while unexpectedly decreasing in government, a sign that government figures are likely to feel the strain of political fiscal cuts in the coming months. A bright spot in the January separations data was the arts, entertainment and recreations figure which fell by 1.5% in January, the largest decline in the report. In addition, the quits figure continued to rise signaling a stronger sense of job availability as people tend to quit only when they have confidence of employment elsewhere.

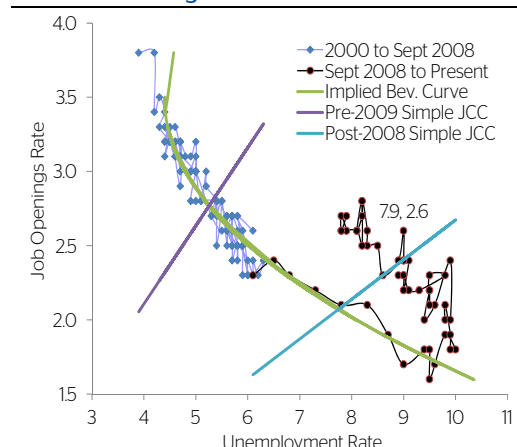
Overall the report continues to show slow but steady growth in job openings and hires in lively sectors while separations remain relatively subdued. Additionally released in this report were the annual levels for 2012. The released figures show annual hires increased to 52 million while separations rose to 49.7 million. Quits increased to 25.1 million while layoffs and discharges were stable at 20.5 million. Ultimately, this does not change our expectations for strong employment growth in 2013.

Chart 1
Job Openings & Unemployment (Millions, %)



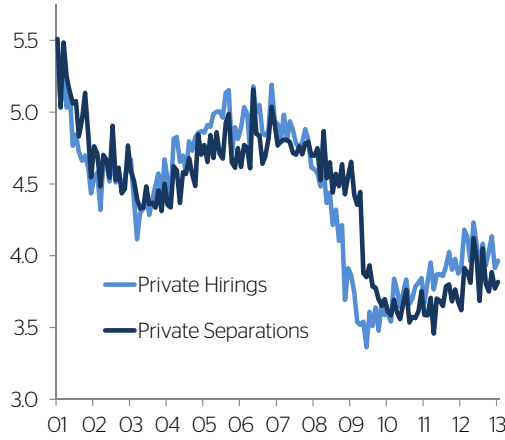
Source: Bureau of Labor Statistics and BBVA Research

Chart 2
National Beveridge Curve



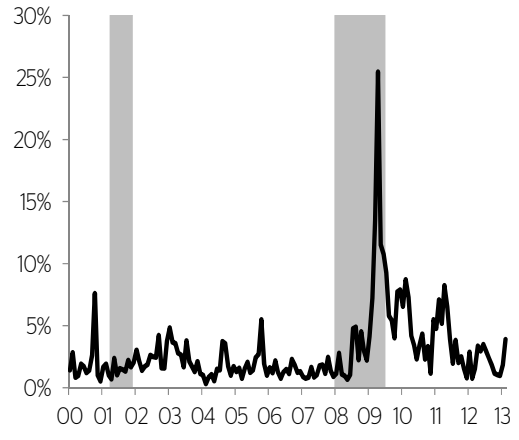
Source: Bureau of Labor Statistics and BBVA Research

Chart 3
Private Hirings & Separations (Millions)



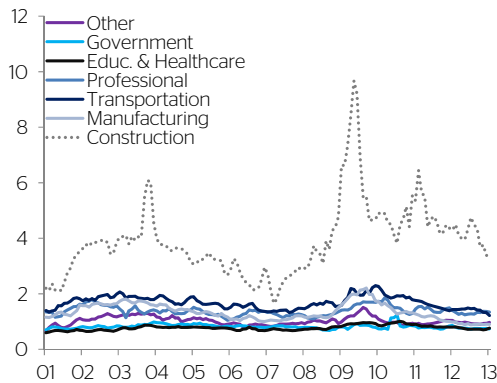
Source: Bureau of Labor Statistics and BBVA Research

Chart 4
Industry Relative Unemployment Variance



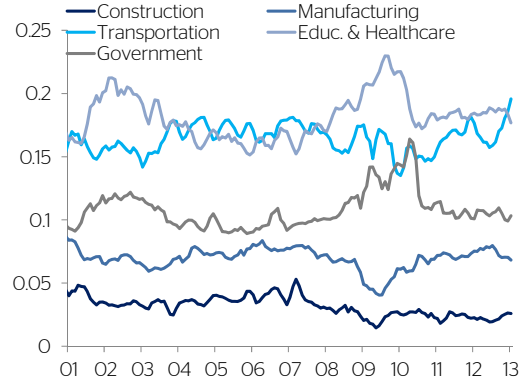
Source: Bureau of Labor Statistics and BBVA Research

Chart 5
Vacancy Yield by Industry (3MMA)



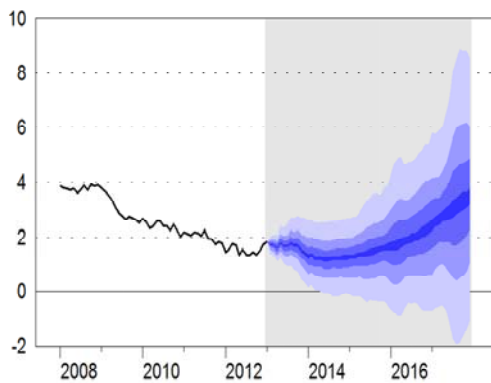
Source: Bureau of Labor Statistics and BBVA Research

Chart 6
Share of Vacancies by Industry (3MMA)



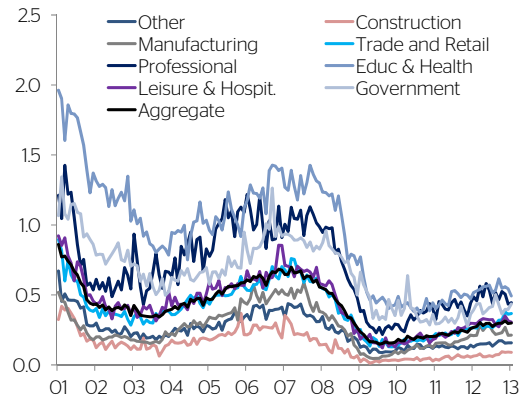
Source: Bureau of Labor Statistics and BBVA Research

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

DISCLAIMER

This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) BBVA Research U.S. on behalf of itself and its affiliated companies (each BBVA Group Company) for distribution in the United States and the rest of the world and is provided for information purposes only. Within the US, BBVA operates primarily through its subsidiary Compass Bank. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources, believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.