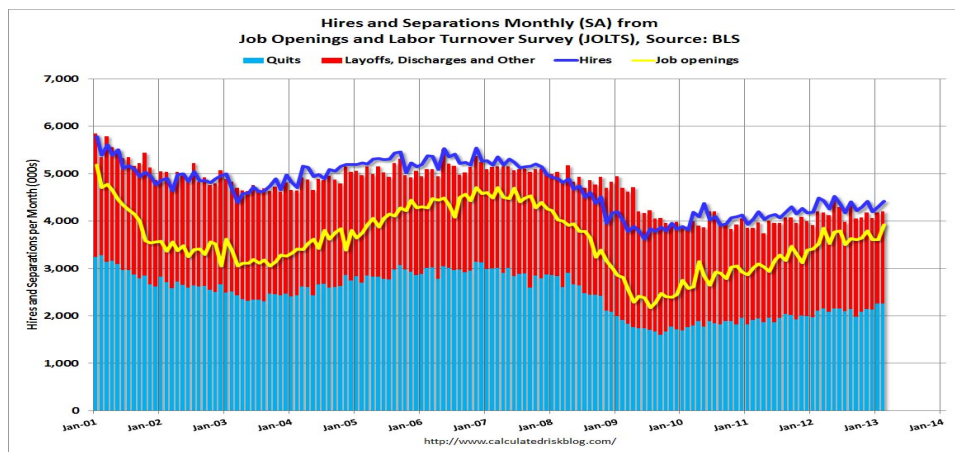




Popular Economics Weekly Signs of Jobs Surge in 2013

There are signs the jobs picture will be much improved in 2013, even though the March unemployment report was disappointing. The U.S. Bureau of Labor Statistics (BLS) reported in the just released Job Openings and Labor Turnover Survey (JOLTS), the number of job openings in February was 3.925 million, up sharply from January's 3.611 million. **This was the highest number of job openings since May 2008.** The number of openings rose in health care and social assistance, accommodation and food services, and state and local government. Construction added 19,000 hires and manufacturing 9,000 for the month.

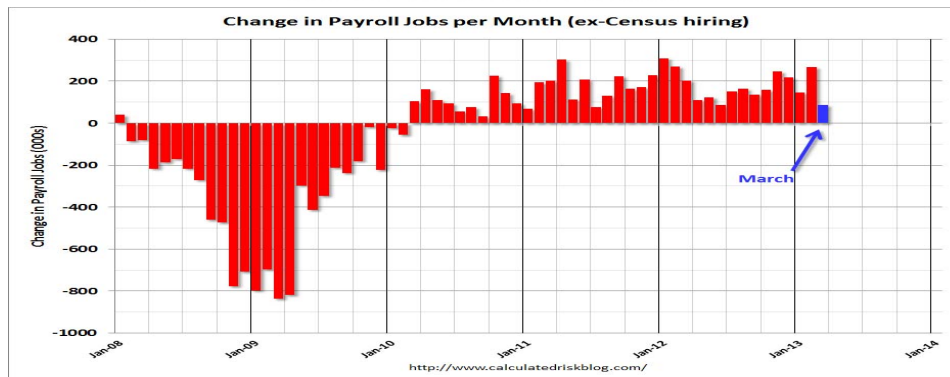


Graph: Calculated Risk

So-called 'Quits' were unchanged in February, but quits are up 7 percent year-over-year, the highest level since 2008. These are voluntary separations. (see light blue columns at bottom of graph for trend for "Quits") in the Calculated Risk graph. The rise in voluntary separations is another sign of an improving jobs market, as it means employees are increasingly able to find better job opportunities elsewhere.

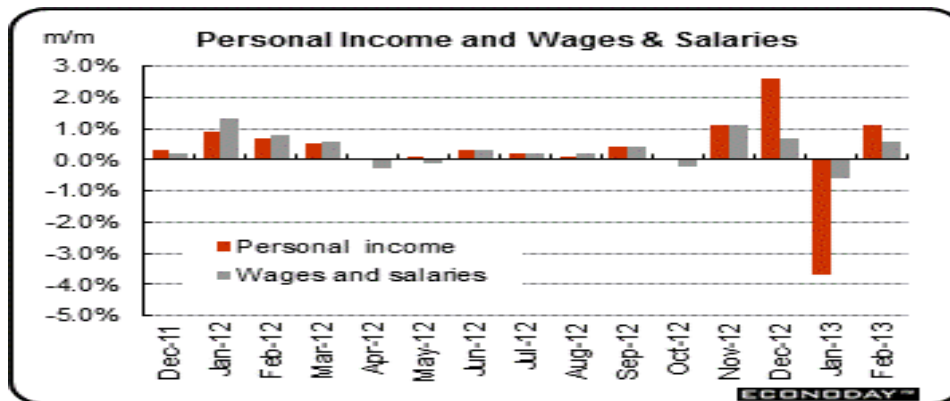
The March unemployment report was worrying, because just 88,000 nonfarm payroll jobs were created, when seasonally adjusted. But more than 729,000 jobs were actually created before the seasonal adjustment, but because most of the increases were normal for this time of year, the BLS calculated just 88,000 were above normal.

However, January and February's totals were revised upward by 61,000 and the unemployment rate fell to 7.6 percent, though mostly because some 496,000 stopped looking for work. So March could also be revised upward in coming months, as more state initial unemployment claims are reported.



Graph: Calculated Risk

Another sign of strength is personal income rebounded 1.1 percent in February after a drop of 3.7 percent in January and a 2.6 percent jump in December. The wages & salaries component gained 0.6 percent after declining 0.6 percent in January. Strength in February was in wages & salaries, dividend income and in a sharp reduction in the change in contributions for government social insurance (a negative for personal income). Payroll taxes spiked in January but the rates held steady in February. This was a fiscal cliff issue as was partially the dividend income. Too a notable degree dividend income that would have been seen in January was accelerated to December to avoid higher taxes for some income brackets.



Graph: Econoday

Despite the increase in payroll taxes, consumer spending is holding up—and it is not just due to higher gasoline prices. Personal spending jumped 0.7 percent after rising 0.4 percent in January. Strength was in nondurable goods, reflecting higher gasoline prices. Still, real spending was up 0.3 percent, matching the January pace. Consumer outlays are relatively strong and point to a healthy Q1 GDP number.

There are many other signs of a growing U.S. economy in both the manufacturing and service sectors. But the most heartening signs are in real estate where new-home construction is growing strongly and housing prices surging. Construction outlays rebounded 1.2 percent in February after dropping 2.1 percent in January. Private residential construction jumped 2.2 percent after slipping 0.1 percent the month before.



New one-family component was particularly strong, gaining 4.3 percent, following a 3.6 percent boost in January. The new multifamily component fell back 2.2 percent but followed a robust 6.1 percent jump the prior month. Public construction gained 0.9 percent, following a 0.2 percent rise in January. On a year-ago basis, overall construction was up 7.9 percent in February compared to 6.1 percent in January.

And this is boosting construction employment, which is now up some 161,000 since last fall, as well as the so-called 'wealth effect' on household spending. As households feel wealthier, they tend to spend more. We therefore see a much improved employment picture for 2013. There are still doubters, as the sequester spending cuts have only begun to take effect. But the U.S. is now the engine of growth with Europe suffering from its austerity woes, and Asia in slower growth mode. Thursday's upcoming retail sales report, which makes up some half of all consumer spending, should confirm or deny whether consumers are feeling wealthier.

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