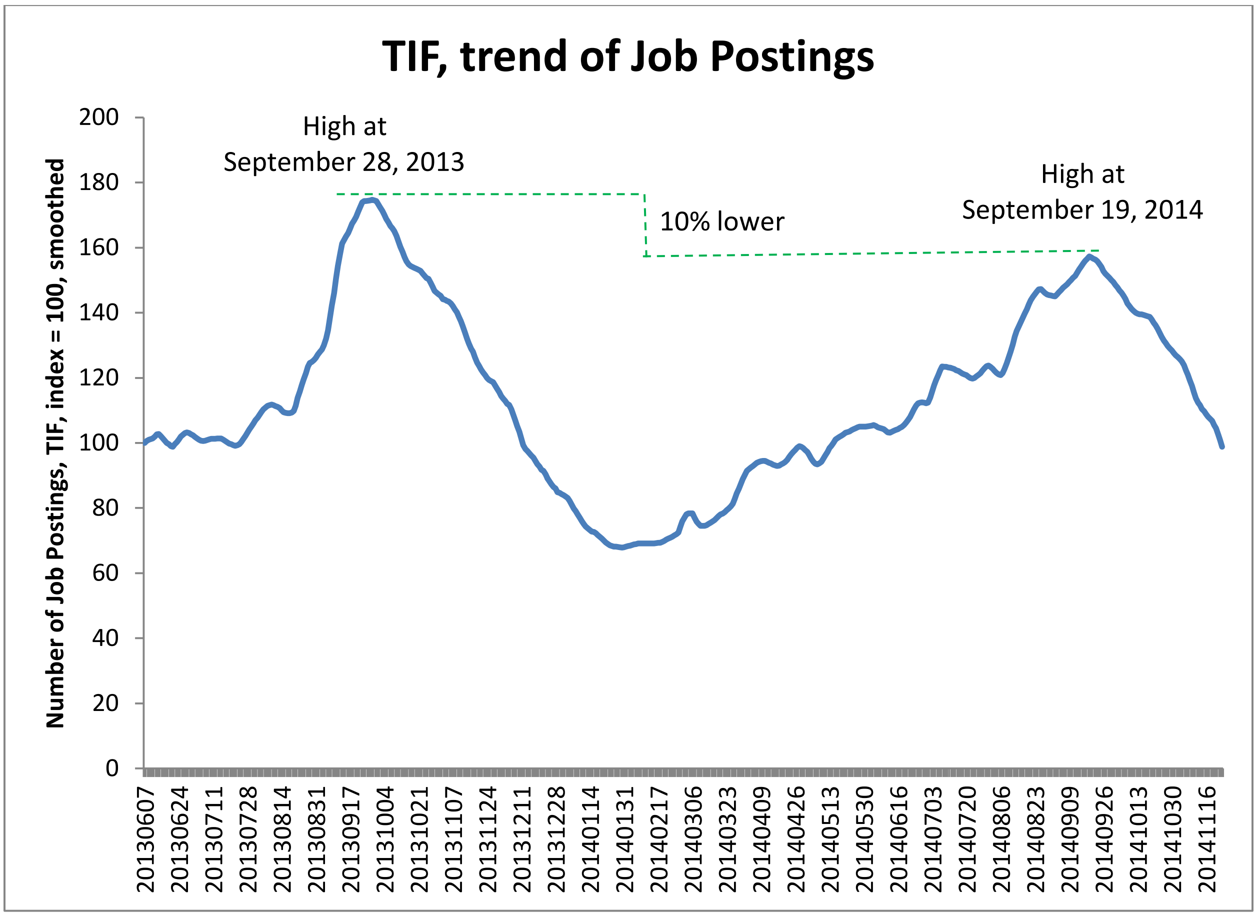
TIF's troubling Job Postings

There are many new and alternative datasets being explored for financial market analysis. One of my current favorites is Job Postings of a company. Listed companies routinely advertise jobs on-line. Such jobs are a rich source of information detailing the immediate plans for the company going forward. They can confirm a company's previously announced plans and/or bring new insights to light.

The simplest way to analyze this data is by looking at growth rates. The idea is that faster growth rates of Job Postings should indicate more confidence in the company's future and imply higher revenue growth as well, all else being equal.

The case of TIF (Tiffany & Co.) shows Job Postings that appear to be relatively low and suggest caution is in order.



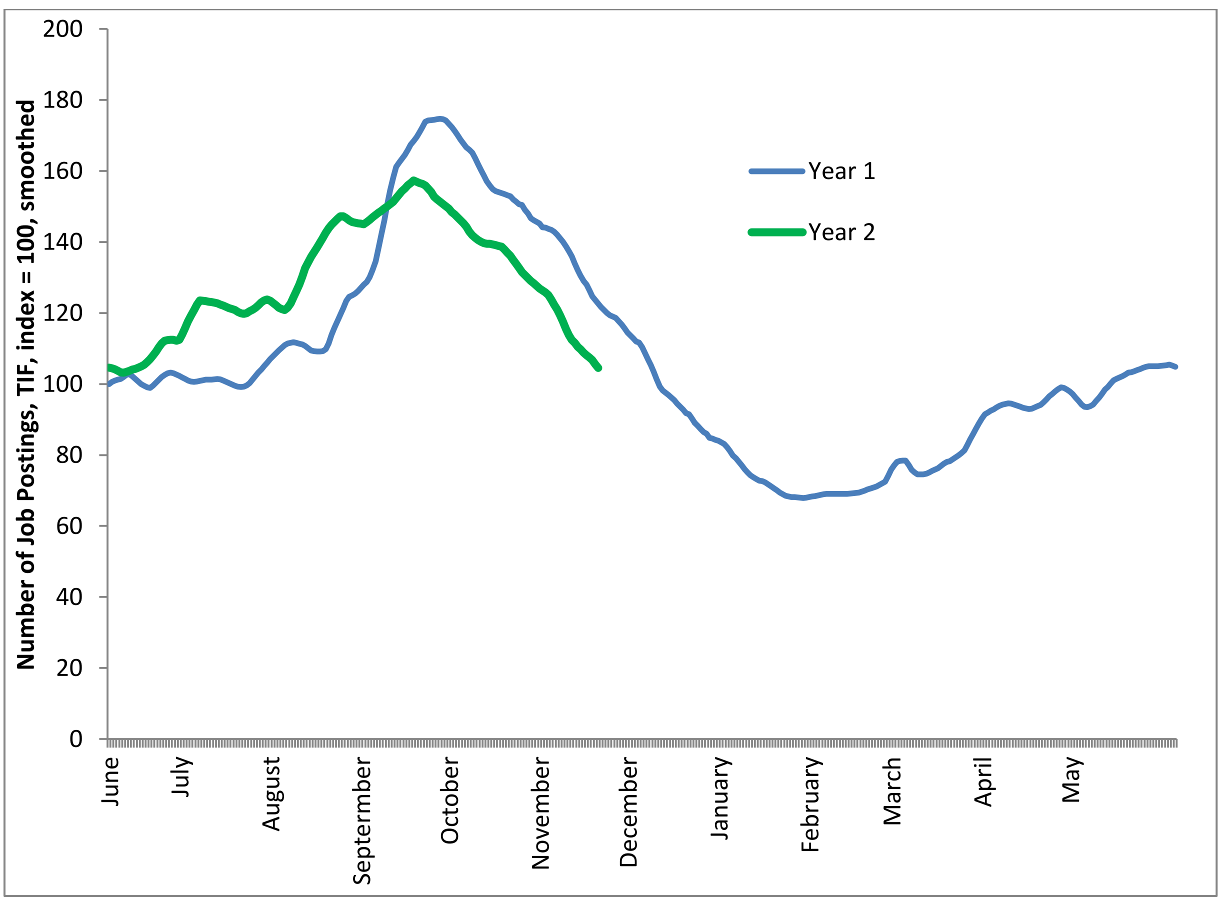
The first thing that becomes apparent is the seasonality of the Job Postings. As TIF is heavily focused on retail it is obviously impacted by the end of year Holiday Season. This type of pattern is fairly common within the retail sector as Job Postings from other retail companies have similar seasonal patterns.

There are two negative points to highlight from the previous chart. The 2014 Job Postings peak occurred nine days prior to the peak in 2013. Though the seasonal cycle is fairly precise it would appear nine days is not such a negative occurrence. However, when we couple this fact with it peaking 10% lower in 2014 than compared to 2013, the overall situation looks increasingly negative.

Put in very simple terms, ahead of its highest revenue generating quarter of the year, TIF is acting less aggressively in hiring terms than during the same period last year. This appears somewhat unusual considering that the company's revenue is up by around 6% year-on-year. In other words, the company's Job Postings are 10% lower whereas it revenues are 6% higher. Unless luxury retail has become much less labor intensive, this trend does not appear sustainable.

There are other variables that could come into consideration to explain lower Job Postings. All other things being equal, however, these are not supportive signals indirectly provided by the company concerning its own outlook for the Holiday Season.

Another way of looking at the data is by superimposing annual trends on top of one another. This certainly does not make the situation look any better.



We can clearly see in the previous chart that the Job Posting trends mimic each other. After peaking, both decline at fairly consistent rates – which argue well for the seasonal impact on Job Postings. What is worrying is that the decline this year is so far ahead of the previous year, about three weeks in terms of equivalent levels. The consistency of the decline also makes it appear unlikely that the trend will deviate significantly.

With Tiffany & Co. publishing fewer Job Postings, it does not appear that management is preparing for an overly strong last quarter, which for a luxury retail company could have fairly negative repercussions for the stock.

Job Posting analysis should be used to augment other forms of analysis. The conclusion here is fairly negative for TIF, but such a conclusion should be weighed in relation to other factors. Importantly, fundamental analysts with this knowledge can ask more specific growth related questions directly to management and make superior investment decisions.