

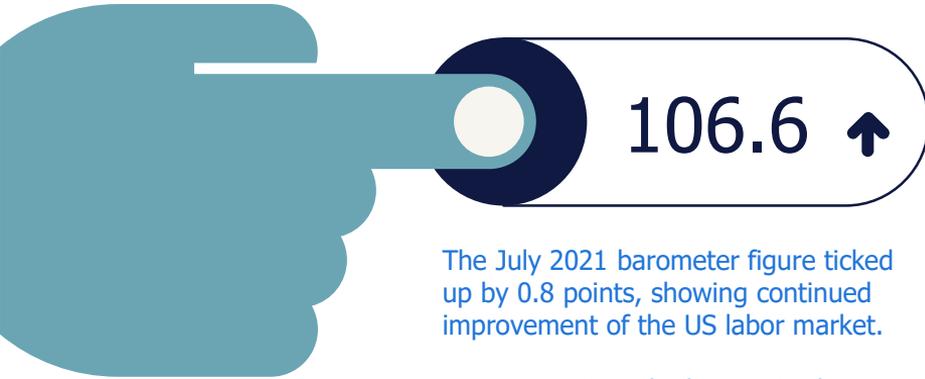
randstad risesmart labor market barometer.

july 2021

 randstad risesmart



introduction: economic recovery is accelerating after initial volatility.



The July 2021 barometer figure ticked up by 0.8 points, showing continued improvement of the US labor market.

For perspective, the barometer has a baseline figure of 100, marked by the initial pandemic outbreak in March 2020. The current figure is only 2.2 points shy of its historical maximum of 108.8.

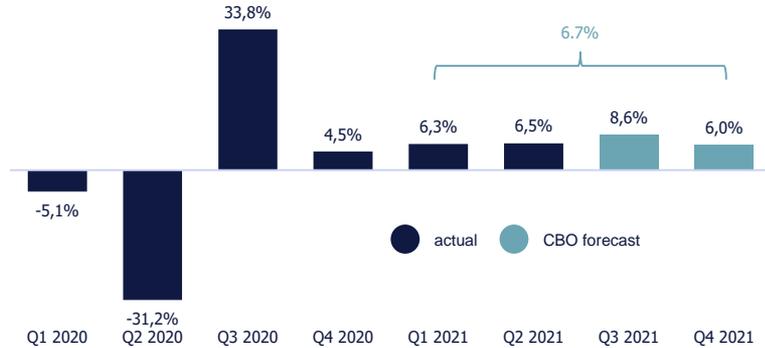
The Randstad RiseSmart Labor Market Barometer figure improved in July 2021, following three consecutive months of slight decline, reflecting positive gains in the US labor market.

The month of July was the best month for the US workforce since August 2020. The pace of job gains continued its upward trend, reaching 943K new jobs. Initial claims, the leading proxy for layoffs, remained relatively flat in July, while the unemployment rate dropped sharply to 5.4% after a three-month volatile evolution.

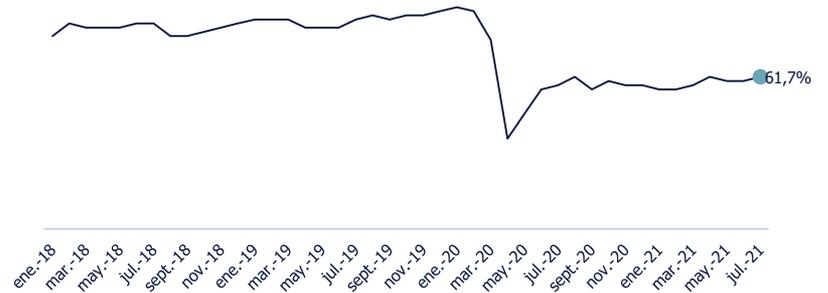
All these indicators suggest that individuals and businesses are starting to recover at a faster pace than previously.

both the economy and labor market show signs of recovery.

gdp growth – the US economy has recovered



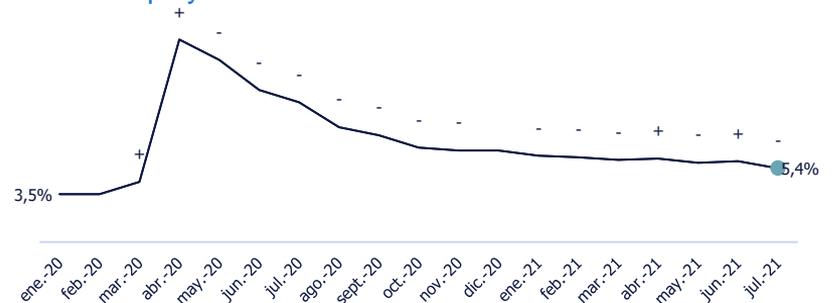
labor force participation remains below pre-pandemic levels



job growth – expectations vs. reality



the unemployment rate decreased to a 12-month low



us labor market in july 2021.

job creation continued its upswing while unemployment decreased significantly.

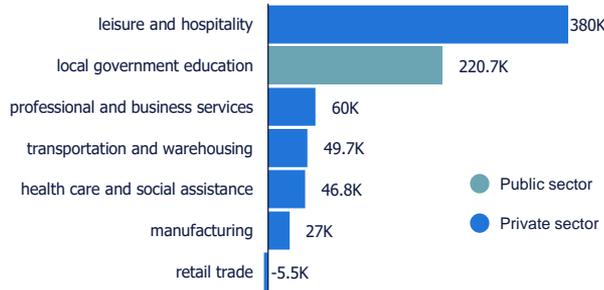
In July 2021, the US economy doubled down on job creation, adding 943K jobs in one month, surpassing the upward revised figure for June 2021 (928K) and beating economist expectations of 870K new jobs ([BLS](#), [Bloomberg](#)). Additionally, the unemployment rate inched down from 5.9% in June 2021 to 5.4% in July 2021, signaling that the US labor market is recovering at a faster pace than in the previous months. The **main driver for the July job growth was the increase in local education payrolls**, while private payrolls accounted for the rest (703K). The only major private sector that lost jobs in July 2021 was retail trade; even the construction industry hired 11K new people, following several months of downsizing.

The major caveat with the July numbers is that they might not entirely reflect the fears about a fourth pandemic wave ([NYT](#)). In the second half of July 2021, the Delta variant of the coronavirus became more widespread, which might impact job creation and lead to a downward revision of the figures.

At the same time, the **job recovery seems uneven**. For example, the drop in the jobless rate for Black Americans was not because they have found a job, but because they have left the labor force altogether ([Bloomberg](#)). Moreover, the number of people stating that the pandemic prevented them from looking for work remained the same as for June 2021 (1.6 M – [BLS](#)).

Finally, the talent competition continues, as **the labor market has not yet solved the disconnect between its supply and demand sides** (job openings are again at a historical maximum for the fifth month in a row – [BLS](#)). Adding to that, the **continuing rise in the number of COVID-19 cases might endanger the same sectors that accomplished high job growth rates** in the last months, including leisure and hospitality, education, or transportation ([NYT](#)).

jobs added by industry



5.4%

the July 2021 unemployment rate showed a considerable downward correction.

~5.7M

number of jobs the US economy needs to recover to reach pre-pandemic levels (February 2020 employment levels).

13M

US individuals continue to seek jobless benefits (as of July 17, 2021).

10.1M

job openings available in June 2021.

1.7M

jobs still need to be recovered in the leisure and hospitality sector.



us labor market in july 2021. (continued)

the US economy resumed its pre-pandemic output, but the fourth wave of the pandemic might affect future growth.

In July 2021, the **US economy continued its growth streak**, The GDP growth rate for Q2 2021 was 6.5%, higher than in Q1 2021 (6.3%) but still below economists' expectations ([BEA](#), [Bloomberg](#)). The **main drivers were intense federal fiscal stimulus and increased consumer demand**. On the other hand, supply chain disruptions and a slower recovery of the labor force hampered businesses to cope with consumer demand. All in all, the **economic output reading marked the second-strongest growth rate since 2003**, while, from an output perspective, the US economy reached its pre-pandemic level and recovered faster than after the 2008-09 financial crisis ([NYT](#)).

In June 2021, the **US trade deficit reached the highest reading since August 2006**, reflecting higher consumer appetite and businesses' willingness to import goods to accommodate the demand (WSJ). The services sector is also booming: the reading of the ISM PMI for Services reached a new historical high (64.1), surpassing the records from March, April, and May 2021 ([ISM](#)). Consumer spending and retail sales continue to be elevated.

Looming risks remain, such as the inflation rate, which concerns economists, investors, and consumers. The Consumer Sentiment Index fell to 81.2 in July from 85.5 in June 2021 ([University of Michigan](#)), with most respondents citing inflation as the most worrisome trend. Businesses, mainly in the consumer goods segment (P&G, Clorox, Kimberly-Clark, Unilever), also noted elevated prices for sourcing and production and decided to increase the price for end consumers ([WSJ](#)). In the long run, the trends might hamper future economic growth. Supply chain disruptions continue to be an issue for most manufacturers. From the chip shortage that now reached mobile phone producers to problems with port and cargo operators ([FT](#)), warehousing bottlenecks ([EI](#)), and delays in the distribution and transportation of goods have become a critical threat to economic growth.

Finally, **the greatest fear and the most severe threat to the US economic revival continues to be the pandemic**. The pace of the vaccination campaign has gradually decreased while the Delta variant of the coronavirus became the dominant strain in the US, and the number of COVID-19 cases has also increased. The rapid evolution of the fourth wave made authorities and companies rethink their strategies for reopening. The Biden administration moved on with imposing tighter rules for federal employees and contractors (~4M employees including military personnel), including re-introducing mask mandates or pushing for mandatory vaccination ([WSJ](#)). Additionally, many companies scrapped their September 2021 return to office plans (Amazon, Google, Wells Fargo) and imposed either mask mandates (Apple) or mandatory vaccinations (Tyson Foods, Walmart) by rewarding employees who do so. ([WSJ](#))

6.5%

real GDP growth rate for Q2 2021;
lower than expected.

6.7%

expected US annual GDP growth rate
for 2021, according to the
Congressional Budget Office.

\$75.7B

record US trade deficit for June 2021,
the largest since August 2006.

64.1

ISM PMI for Services in July 2021 -
the highest reading since the
inception of the Services PMI in 2008.

9.4%

personal savings rate is still high,
compared to the average for the last
two years before the pandemic
(7.7%)



evolution of components: snapshot.

	july 2021 (june 2021)	trend
unemployment level ('000 persons)	8,702 (9,484)	↑
unemployment rate (%)	5.4% (5.9%)	↑
temporary help services ('000 persons)*	2,692 (2,682)	↑
initial claims 4-WMA ('000 persons)	394 (394)	—
ASA staffing index	96.6 (96.6)	—
employment diffusion index**	88.2 (66.7)	↑
layoffs & discharges*,** ('000 persons)	1,310 (1,353)	↑
ISM Index % reporting lower volumes in Services	15.1 (17.8)	↑
ISM Index % reporting lower volumes in Manufacturing	16.0 (19.3)	↑
google searches (unemployment topic)*	23 (28)	↑

nearly all barometer components improved, driving the index figure up.

For the first time since the inception of the Randstad RiseSmart Labor Market Barometer, **all ten components have remained steady or had a positive development**, thus contributing to the index figure's improvement.

The two leading unemployment indicators registered the most positive developments. The unemployment level decreased by 8.2%, the most significant drop since September 2020 (-11.9%), while the unemployment rate dropped by 50 basis points.

The employment diffusion index value for June 2021 improved extensively, reflecting businesses' appetite for hiring, which again reflected in the upward revised job gains figure of 928K. At the same time, the layoffs gauge is at a historical low for the fourth consecutive month. Additionally, in July 2021, the number of purchasing managers in manufacturing and services reporting lower employment volumes decreased.

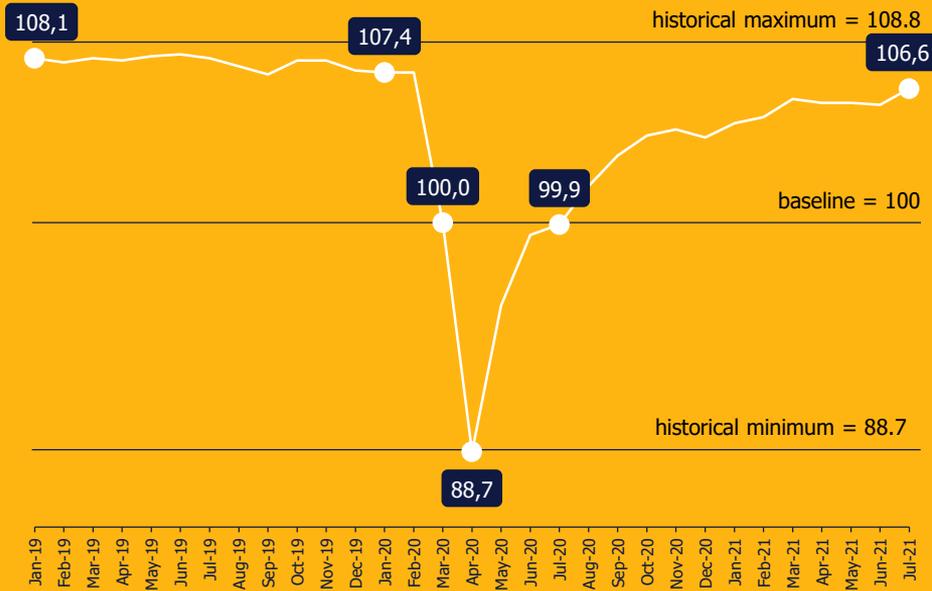
On the other hand, two components showed steady figures from June to July 2021: the ASA Staffing Index and the 4-week moving average of initial claims. Even though they only slightly moved, both components show positive signs. The ASA Staffing Index reached its pre-pandemic levels, reflecting the overall strong performance of the US staffing industry. At the same time, initial claims continue to be high, but the general trend is downward. █

-  improved
-  deteriorated
-  stable



*revised figures for June 2021.
**one-month lag in data; figures for June 2021.

evolution of the barometer: 2019 – May 2021.



positive developments within the labor market boosted the index figure.

The Randstad RiseSmart Labor Market Barometer figure for July 2021 is 106.6 (trending up), breaking a three-month period when it decreased from its March 2021 reading.

On an annualized basis, the index has gained 6.7 points since July 2020 and is 0.8 points below its pre-pandemic level (107.4).

The overall strong performance of the index resulted from a better than expected positive evolution of the US labor market, leading to an improvement of most index components.

However, considering that most of the BLS data was collected in the first half of July 2021, when the effects of the fourth wave of the coronavirus pandemic seemed more distant, it's possible that the next release will not be as positive as the current one.



drivers of the barometer.

	contribution
unemployment level (^000 persons)	↗
unemployment rate (%)	↗
temporary help services (^000 persons)	↗
initial claims 4-WMA (^000 persons)	—
ASA staffing index	—
employment diffusion index*	↗
layoffs & discharges* (^000 persons)	↗
ISM Index % reporting lower volumes in Services	↗
ISM Index % reporting lower volumes in Manufacturing	↗
google searches (unemployment topic)	↗

-  index increase = labor market improvement
-  index decrease = labor market deterioration
-  index stable = no labor market impact

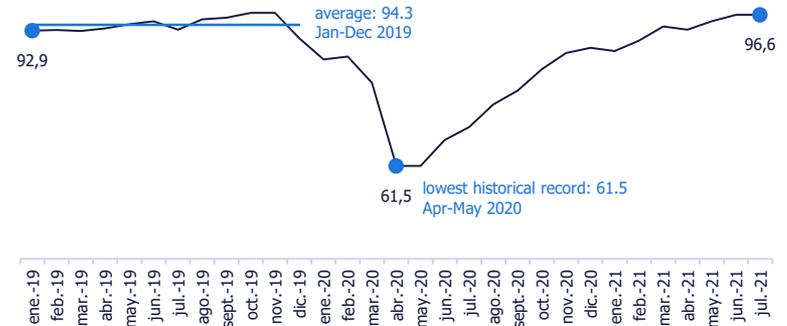
the US staffing industry gradually returns to pre-pandemic levels.

In July 2021, the unemployment level and unemployment rate components were the main drivers of the uptick in the barometer's reading. This was followed by the increase of the employment diffusion index's June figure, meaning that more companies are increasing their payrolls than decreasing them.

Even if the ASA Staffing Index has not been a significant driver of the monthly figure, it consistently increased in the past few months. Coupled with the temporary help services employment indicator, the ASA Staffing Index showed that the US staffing industry has improved after a significant dip in 2020. For example, in recent months, it reached values only seen in pre-pandemic levels. Expectations from Staffing Industry Analysts have confirmed this trend: US temporary staffing revenue is set to grow by 11%, surpassing its 2019 level.

ASA Staffing Index**, evolution 2019-21

Source: ASA, Ycharts.



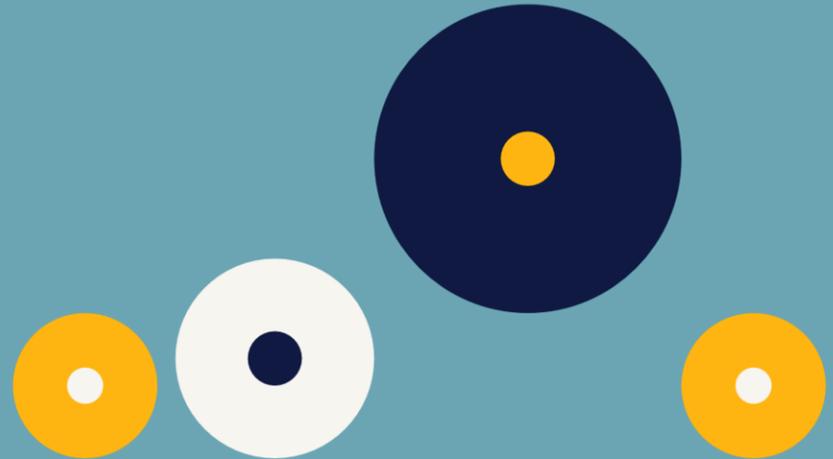
*value for the last week of the month.
 **last value for the month.

about randstad risesmart labor market barometer.

The Randstad RiseSmart Labor Market Barometer is a monthly index that tracks and provides an assessment of the overall real-time direction of the US labor market.

Using a PCA-based statistical model, Randstad RiseSmart looks at ten important labor macro indicators and consolidates them into one single figure that can provide insights on trends within the labor market.

For more information on the scope of the research and how the barometer was calculated, please visit the [barometer methodology](#).



randstad risesmart labor market barometer – definitions.

indicator name	definition
unemployment level ('000 persons)	number of people who are not employed, who are available for work, and those who made specific efforts to find a job during a 4-week period or have been temporarily laid off.
unemployment rate (%)	number of unemployed people as a percentage of the labor force.
temporary help services ('000 persons)	number of employees in the temporary help services industry (~70% of employees working in employment services – staffing industry).
initial claims 4-WMA ('000 persons)	number of new jobless claims filed by individuals seeking to receive unemployment benefits.
ASA staffing index	tracks weekly changes in temporary and contract employment and serves as an indicator of current economic conditions, by providing an assessment of the US staffing industry.
employment diffusion index*	shows the % of industries that have increased their payrolls in the last month (>50% shows industries enlarged their workforce; <50% shows industries reduced their workforce).
layoffs & discharges* ('000 persons)	the number of involuntary separations initiated by employers (layoffs with no intents to rehire, discharges because of eliminated positions).
ISM Index % reporting lower volumes in Services	a subcomponent of the ISM Services PMI, shows if companies in the services sector plan to decrease their workforce.
ISM Index % reporting lower volumes in Manufacturing	a subcomponent of the ISM Manufacturing PMI, shows if companies in the services sector plan to decrease their workforce.
google searches (unemployment topic)	an alternative indicator that shows search trends on Google (in this case for unemployment related searches). Already provided as an index, with its peak of 100 in April 2020.

get in touch.

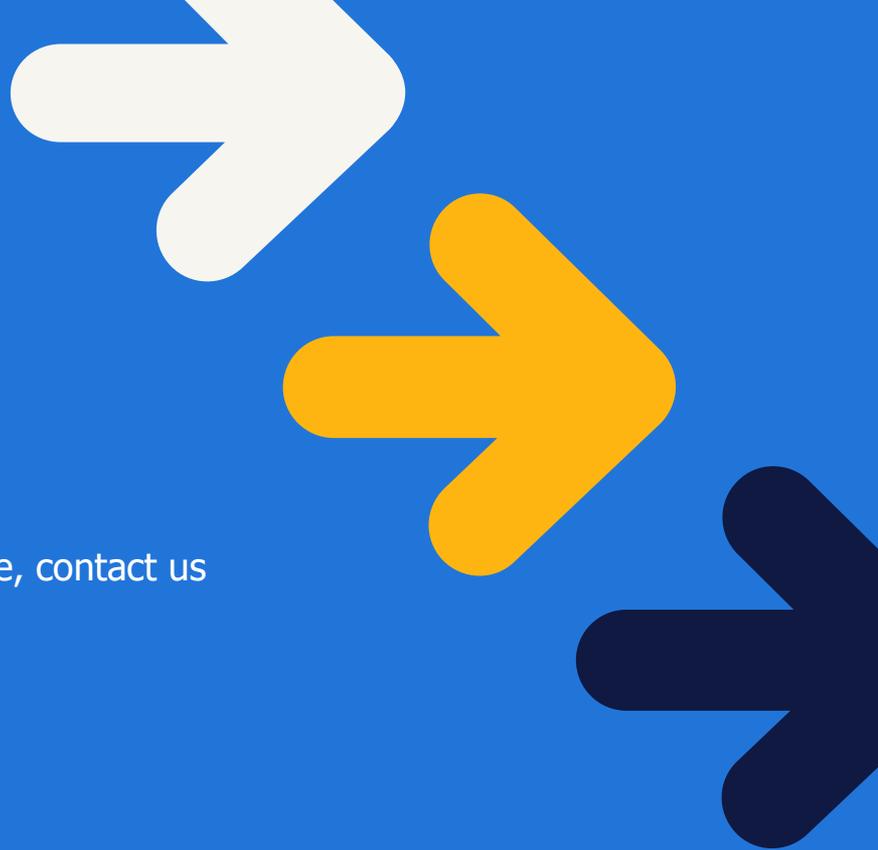
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about randstad risesmart.

Randstad RiseSmart is the fastest-growing outplacement and career mobility provider, and an operating company of Randstad N.V., a €20.7 billion global provider of flexible work and human resources services that helps nearly two million candidates find meaningful work every year. Our outplacement, career development, redeployment and contemporary tech-and-touch solutions strengthen employer brands, improve retention and re-engage talent. Employers hire us because we deliver superior outcomes through expert coaching, professional branding, contemporary resources and on-demand analytics. Today, we are a trusted human partner of successful companies in more than 40 industries.

Our passion and dedication to innovation, responsiveness and results have earned us extensive recognition and awards from organizations such as Bersin by Deloitte, Gartner Inc., the Brandon Hall Group and Fortune magazine. For more information, visit www.randstadrisemart.com.



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