

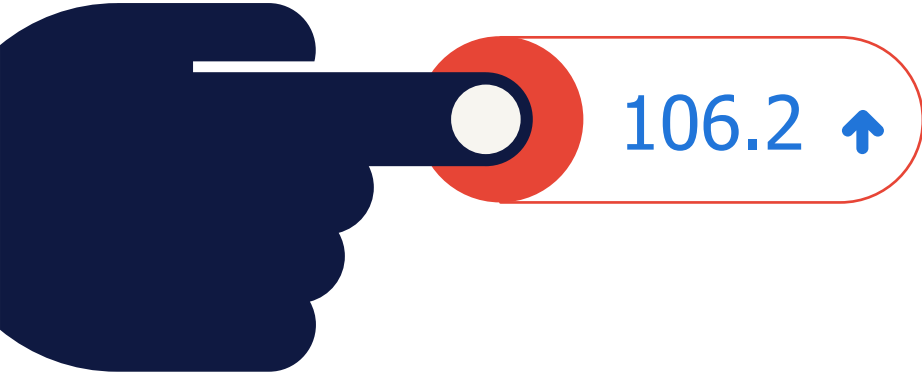
# randstad risesmart labor market barometer.

a monthly overview of the US labor  
market.

april 2021



# introduction.













The first monthly edition of the Randstad RiseSmart Labor Market Barometer (RRLMB) aims to provide a comprehensive analysis of the US labor market a year after the start of the global pandemic.

Based on the April 2021 figure, the American economy is picking up steam and shows signs of resilience. However, there is noticeable volatility and the US labor market is facing challenges between its demand and supply sides.

The overall trend from the past quarter shows that unemployment is steadily decreasing and more new jobs are being created. The US workforce has made significant progress to recover from the shocks of 2020.

# evolution of components: snapshot.

	april 2021 (march 2021)	trend
unemployment level ('000 persons)	9,812 (9,710)	
unemployment rate (%)	6.1% (6%)	
temporary help services ('000 persons)	2,649 (2,760)	
initial claims 4-WMA ('000 persons)	621 (721.3)	
ASA staffing index	93.1 (93.9)	
employment diffusion index*	98 (69.6)	
layoffs & discharges* ('000 persons)	1,480 (1,723)	
ISM Index % reporting lower volumes in Services	8.9 (11.1)	
ISM Index % reporting lower volumes in Manufacturing	10.9 (7.2)	
google searches (unemployment topic)	30 (36)	

In April 2021, the barometer registered an apparent tension between its subcomponents, sending mixed signals about the labor market.

Unemployment levels and the unemployment rate slightly deteriorated. The same happened with temporary help services, which lost 111K jobs last month, driving the ASA Staffing Index down by 0.8 points.

On a positive note, the initial claims figure improved, continuing its downward trend, which started in January 2021. The significant increase in the 1-month employment diffusion index shows the magnitude of the labor demand and that in March 2021, all industries were hiring. Additionally, April 2021 was the second month in which the number of layoffs decreased by double-digit rates.

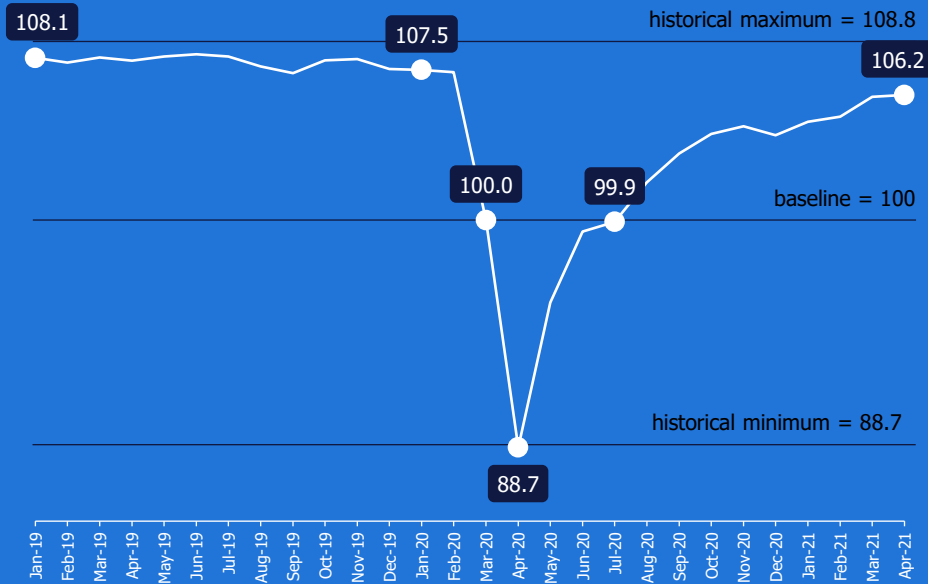
One important aspect is the ISM reading for the Manufacturing industry, which jumped by 3.7 points, reflecting the strained situation in the manufacturing sector (supply chain disruptions), in which some industries (such as automotive) have shed jobs.

-  improved
-  deteriorated
-  stable



\* one-month lag in data; figures for March 2021.

# evolution of the barometer: 2019 – April 2021.



The Randstad RiseSmart Labor Market Barometer (RRLMB) figure for April 2021 is 106.2 (trending up), reflecting an overall improvement of the US labor market.

As the number of coronavirus cases accelerated in March 2020, the US economy registered a quarterly GDP contraction of -5% in Q1 2020 and -31.4% in Q3 2020 – the most significant contraction in US economic history. With the economy in decline, the labor market followed shortly. Therefore, in April 2020, the index plummeted to its lowest historical value of 88.7 (-11.3 points from its baseline in March 2020 and -20 points from its peak historical value in November 2018), a clear reflection of the worst month in the postwar history of the US labor market.



It took about three months for the index to recover and reach nearly the same level as the March 2020 figure (July 2020: 99.9) and it has remained on an upward trend since. However, the latest number shows that the recovery has somewhat slowed down, reflecting the current tensions in the US labor market: the April 2021 barometer figure increased by a mere 0.1 points, compared to March 2021.



# drivers of the barometer.

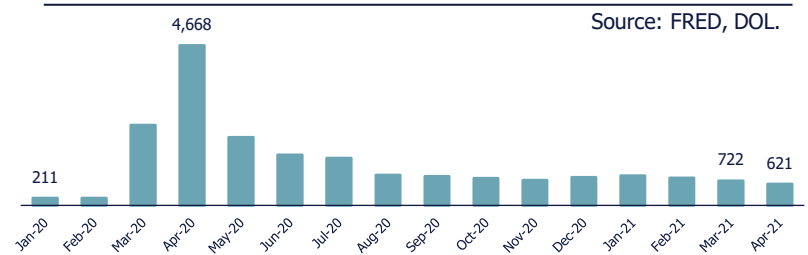
contribution

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)	↘↘↘↘
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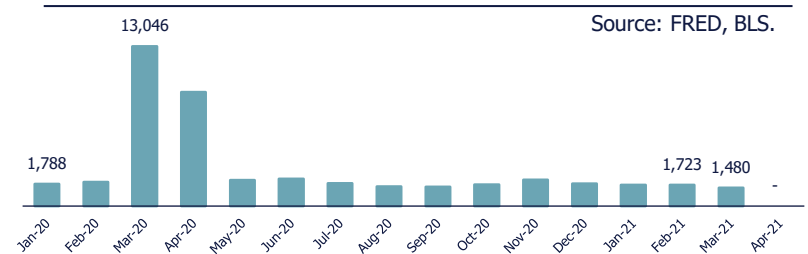
 index increase = labor market improvement  
 index decrease = labor market deterioration

The positive developments with the initial claims (4-WMA) and layoff statistics were the main drivers of the barometer's upward trend. It is worth noting that the relevant gains were offset by the slow developments or negative revisions in other components. Therefore, the barometer figure moved only slightly in April 2021, compared to March 2021.

initial claims (4-WMA\*, '000), evolution 2020-21



layoffs and discharges ('000), evolution 2020-21



\*value for the last week of the month.

# us labor market in april 2021.

## volatility indicates a slower pace of workforce recovery.

Starting in January 2021, the US labor market showed clear signs of a rebound. Most of this process was encouraged by the containment of the virus's spread and the pace of the vaccination campaign. These two combined allowed a broad-based reopening of the economy, as pandemic-related restrictions eased in many US states.

Hiring picked up in most industries, especially in those hard-hit by the pandemic. In Q1 2021, the economy added 1.5M jobs, reflecting a hiring spree across all sectors and geographies. Buoyed by the job gains in March 2021 (916K, revised to 770K), economists expected for an additional 1M jobs to be added in April ([Bloomberg](#), [FT](#)). However, the reality fell far shorter than expectations, as job gains reached only 266K ([BLS](#)). Leisure & hospitality continued its positive streak adding another 331K people on the payroll. However, other industries underperformed, showing either difficulties or changes in the overall economy:

- Automotive businesses shed about 27K jobs due to supply chain bottlenecks (global chip shortage), which led to a decrease in production ([Bloomberg](#), [WSJ](#)).
- Courier and messenger activities were impacted (-77K) as consumer patterns changed to direct, personal shopping, and visible problems in shipping ([Bloomberg](#)).
- The decrease (111K) in temporary help services might indicate a move to more permanent & secure jobs.

The most critical unemployment indicators (the unemployment level and unemployment rate) slightly increased in April 2021, compared to March 2021. However, initial claims offer a more precise understanding of the current status of the US labor market and show encouraging signs. On the first day of May, initial claims reached their lowest level since the pandemic started (498K) ([DOL](#), [WSJ](#)). This positive change also reflects in the number of people who receive different types of benefits. Although 16.2M people receive assistance ([DOL](#)), this number decreased by 5.5M since the end of January, which shows that that employers are hiring more workers.

## 6.1% (3.5%)

april 2021 unemployment rate is still higher than February 2020, just before the pandemic hit.

## 8.2M

number of jobs the US economy lost since the start of the pandemic.

## 16.2M

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

## ~2.8M

fewer jobs in the leisure and hospitality sectors, since the pandemic started (as of April 2021).



# us labor market in april 2021. (continued)

## us economic recovery shows promising prospects.

Real-time economic indicators reveal that the overall economy is well on the way to recovery. Economic activity picked up fast even in the worst impacted sectors: airline traffic, hotel bookings, restaurant reservations and box-office earnings have increased gradually since January 2021 ([Bloomberg](#)).

Manufacturing activities and services output amplified as well. PMI readings from April 2021 continue to be high (60.7 for Manufacturing, 62.7 for Services) after March 2021, when both indicators registered historical highs for the last 30 years (64.7 for Manufacturing, 63.7 for Services) ([ISM](#)).

The surge in economic output wouldn't have been possible if not for the successful vaccination campaign. By the end of April 2021, 30% of Americans were immunized entirely and 43% of the population received at least one dose of the vaccine ([USNews](#)). In many states, eased restrictions had a positive impact on the economy.

Consumer patterns also changed:

- Consumer confidence received a boost in both March (109) and April 2021 (121.7), reaching the highest figure since February 2020 (132.6) ([Conference Board](#)).
- US consumers started to buy more (also driven by the \$1.9T stimulus checks), either online or in-store, leading retail sales to jump to a record high in March 2021 (up 28% from March 2020) ([The Balance](#)).
- Consumer spending also picked up to an annualized 10.7%, which led to a buoyant GDP quarterly growth rate of 6.4% (consumer spending is the most significant contributor to economic growth) ([Bloomberg](#), [FT](#)).

Experts also predict that vast amounts of capital will pour into the economy in the coming months. JPMorgan data show that retail customers had roughly \$2T in excess savings. At the same time, large companies' cash cushion surpassed \$3T ([FT](#)). On top of this, the US government plans to boost the economy through the \$1.8T infrastructure plan and the \$1.5T social care plan will provide even more fuel to a speedy recovery. Most economists predict that in Q2 2021, the US economy will grow by an annualized 8%, the largest growth rate since the 1980s ([WSJ](#), [Conference Board](#)).

### 6.4%

US GDP growth rate in Q1 2021; an above 8% figure is expected for Q2 2021.

### \$5.4T

amount of government spending to revive the economy (stimulus payments, infrastructure and social care).

### ~\$2T

the amount of US households' excess savings since the start of the pandemic.

### 9.8%

increase in March 2021 retail sales; second largest increase since 1992.



# us labor market in april 2021. (continued)

tensions between labor demand and supply pose a challenge to full recovery.

Labor market tightness is one challenge that, if not addressed, might hamper the overall US economic recovery. In early 2021, the economy picked up much faster than the labor market and as a result, demand outpaced supply, leaving many companies unable to meet their recruitment needs. For example, the NFIB monthly survey of small businesses shows that in April 2021, 43% of them couldn't fill in roles – the highest figure ever recorded since 1986 ([NFIB](#), [FT](#)). Additionally, data from the BLS shows 7.3M job openings in the private sector – another record high for March 2021 – which indicates that companies are on a hiring spree ([JOLTS](#)).

Some explanations for this phenomenon of demand outpacing supply show either systemic issues within the labor market or pandemic-related causes:

- Fear of contracting the disease or spreading the virus is the most cited motivation for about 4.2M people who stopped working or looking for a job ([Census Bureau](#), [WSJ](#)).
- Other individuals stopped working because of the lack of caring options: 2.6M\* Americans were sick or caring for someone ([Census Bureau](#), [WSJ](#)). Additionally, since February 2020, 1.5M mothers of school-aged children stopped working to attend to their children's needs (such as childcare and virtual learning) ([WSJ](#)).
- Some believe state and federal unemployment support might be too high, discouraging job seeking. For some of the states, these benefits reach up to \$16 per hour, double the federal minimum wage ([FT](#)). Sectors like leisure and hospitality (one of the lowest-paying industries) bear the brunt, as establishments have increased wages and offered additional incentives hoping to attract qualified workers ([Bloomberg](#)).
- Finally, another factor might be that job creation happens in places where there is limited supply of workers, while in other cases, job seekers do not possess the skills required for the job or do not seem to be interested in switching careers ([WSJ](#)).

## 7.3M

private sector job openings recorded in March 2021; largest figure recorded since the start of the JOLTS series.

## 43%

of small businesses state that they are not able to fill in their job openings (as of April 2021).

## 4.2M

stopped working or searching for a job since the start of the pandemic (as of March 2021).

## 2.7M

Americans aged 55+ are considering the option of retiring earlier.



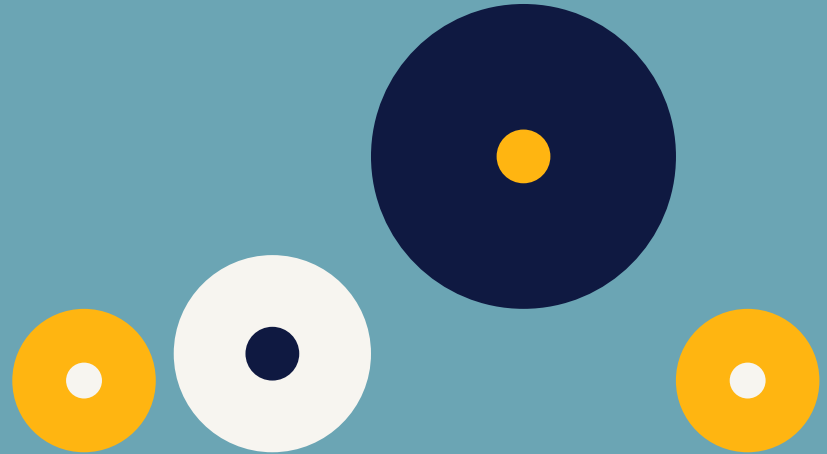


# about randstad risesmart labor market barometer.

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.

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