

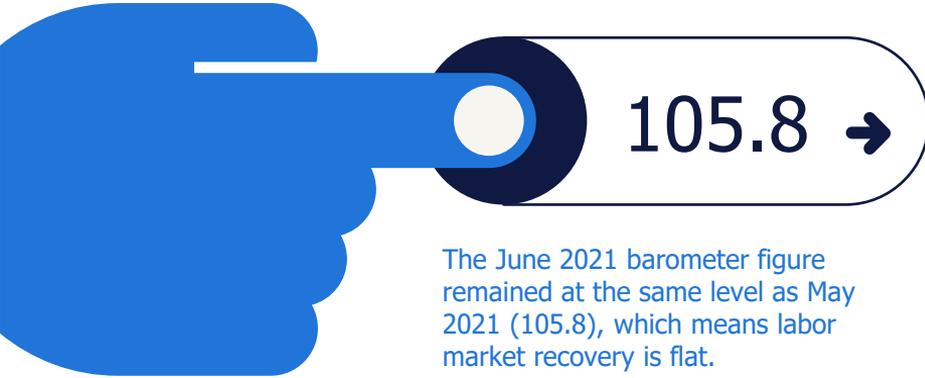
randstad risesmart labor market barometer.

a monthly overview of the US labor
market.

june 2021



introduction.



The June 2021 barometer figure remained at the same level as May 2021 (105.8), which means labor market recovery is flat.

For perspective, the barometer has a baseline figure of 100, marked by the initial pandemic outbreak in March 2020.

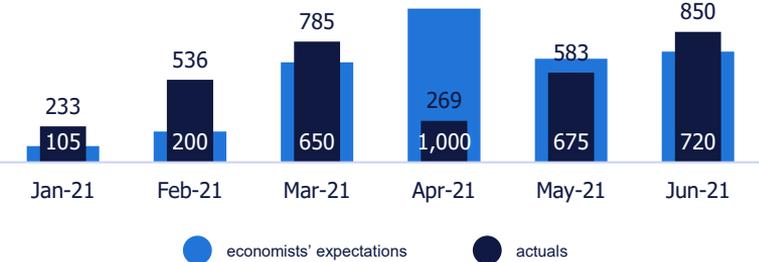
In June 2021, the US labor market outperformed economists' expectations, adding 850K jobs – the best month for job growth since August 2020.

Along with job growth, job openings are at a historic peak and initial claims continue to register lower figures. Still, tensions that developed in recent months continued to manifest (mainly the disconnect between labor supply and demand), leading to an increase in unemployment levels.

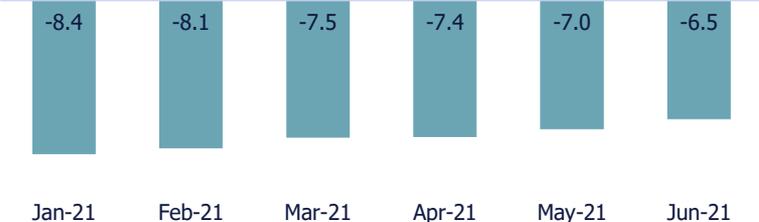
Based on these factors, the June 2021 barometer figure remained flat compared to May 2021, at 105.8.

key facts and figures – the US labor market in H1 2021.

job growth – expectations vs. reality: April 2021 took everyone by surprise.



total nonfarm payrolls – change since January 2021: the economy is in the process of recovering jobs lost in 2020.



job openings reached record levels in 2021, as companies are struggling to hire qualified talent.



the unemployment rate had a volatile evolution.



us labor market in june 2021.

workforce recovery picked up speed but disconnects could hamper growth.

The US labor market gained 850K new jobs in June, registering the best month for job creation since August 2020 and beating economists' expectations (720K, [Bloomberg](#), [BLS](#)). The increase was broad-based and reached all sectors of the economy, except for financial services (-1K) and construction (-7K). Again, leisure and hospitality demand was the main driver of job growth (343K, the most significant increase in five months), followed by government hiring (188K) and retail and wholesale trade (100K). As of June 2021, the economy recovered ~16M jobs, out of which ~6.6 were from the leisure and entertainment sector, the worst affected by the pandemic.

Despite some positive developments, job growth lagged compared to general US economic growth in the first six months of the year. The US labor market continues to be tight, showing an apparent disconnect between labor supply and demand. According to the National Federation of Independent Businesses (NFIB), in June 2021, 46% of members stated that they could not fill in their positions ([NFIB](#)).

The disconnect, at least according to business owners, seems to be amplified by the higher benefits individuals on unemployment receive (especially the \$300 federal top-up), which some suggest might make workers reluctant to search for new jobs. Already, many states have announced an early end to federal unemployment benefits. As of now, results seem to be mixed: some stakeholders suggest workers started to return to the labor force, while others state there is no significant change following decreased unemployment benefits. ([Bloomberg](#), [NYT](#)).

The Federal Reserve's primary goal is to achieve full employment (i.e. recovery to February 2020 levels) and given the progress made so far, the US workforce has a long way to full recovery. Job openings are at historic highs (9.2M) and quits rates are also very high (3.4M), while hires are almost flat over the past four months (~6M) ([JOLTS](#)). Moreover, the labor force participation rate didn't move in June 2021, staying at the same level as in May 2021 (61.6%), 1.7 points lower than in February 2020 (63.3%). Based on these trends, economists suggest that the US job market will not reach full employment by the end of the year (Goldman Sachs estimates about 1.2M jobs lower than the target - [Bloomberg](#)).

5.9% (3.5%)

the June 2021 unemployment rate ticked up and continues to be higher than in February 2020.

~6.8M

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

14.7M

US individuals continue to seek jobless benefits.

9.2M

job openings available in May 2021 (+998K compared to March 2021).

1.6M

Individuals not in the labor force and unable looking for work due to the pandemic (4.7M in Jan 2021).



us labor market in june 2021. (continued)

economy continues its growth momentum while employees' bargaining power increases.

As of June 30, 2021, the US administered 326M doses of the COVID-19 vaccine, with 55% of the population fully vaccinated ([CDC](#)). A state of emergency continues to be in place for about half of US states, but mask mandates have been lifted in most states ([NASHP](#)). These developments helped contribute to economic recovery that is visible in all major macroeconomic indicators.

GDP growth for Q1 was 6.4%, and for Q2, 2021 will be around 9%. Overall, the 2021 yearly GDP growth rate will reach 7% (the highest since 1984) given that current economic conditions persist: continuation of the successful vaccination campaign, full state reopening, job market improvement, and continued stimulus of the economy by the government and consumers ([Bloomberg WSJ](#)). The primary gauges of economic activity are also trending upward: both the ISM PM indexes for Manufacturing and Services registered high readings (60+) in the last four months, which means that the overall activity has picked up, despite such challenges as labor shortages, increased commodity prices and supply-chain bottlenecks ([ISM](#)). Even more, for the Services sector, the ISM PMI registered record historical levels (previous record was in August 2018).

One of the top trends revealed in recent months is the increasing bargaining power of employees with their current or future employers. The increased competition between employers to fill their open positions has put employees in the driver's seat. For the first time, low-wage workers are demanding and receiving better pay. In the leisure and entertainment sector, historically one of the lowest paying sectors, as of June 2021, wages increased by 7.9% (+\$1.30 per hour; only in the past four months was the MoM increase was above 1%) compared to February 2020. In retail, for the same period, wages increased by 8.6% (+\$1.70 per hour). Both increases are above the median 6.6% increase for total private employees.

New legislation targeted to further support employees: the New York City legislature imposed a 'just clause' for voluntary firings for all restaurants chains with more than 30 outlets nationwide ([FT](#)). At the end of April 2021, President Biden signed an executive order calling for federal contractors to pay a minimum wage of \$15 an hour to all employees ([FT](#)), doubling the federal minimum wage. Finally, the same trend can be observed within the private sector: large retailers (Amazon, Walmart, Target) and restaurant chains (McDonald's, Domino's Pizza, Chipotle) already announced and started paying their employees a \$15 minimum wage ([FT](#)).

7%

expected US GDP growth rate for 2021, according to the Federal Reserve.

9%

expected US GDP growth rate for Q2 2021, according to Bloomberg poll.

6.6%

average wage increase for all private employees from February 2020 to June 2021.

\$2.6T

US household excess savings amounted since the start of the pandemic (~12% of US GDP)



evolution of components:

	june 2021 (may 2021)	trend
unemployment level ('000 persons)	9,484 (9,316)	
unemployment rate (%)	5.9% (5.8%)	
temporary help services ('000 persons)*	2,666 (2,633)	
initial claims 4-WMA ('000 persons)	393 (429)	
ASA staffing index	96.6 (95.1)	
employment diffusion index**	66.7 (58.8)	
layoffs & discharges*,** ('000 persons)	1,368 (1,450)	
ISM Index % reporting lower volumes in Services	17.8 (14.4)	
ISM Index % reporting lower volumes in Manufacturing	19.3 (18)	
google searches (unemployment topic)	27 (31)	

barometer components improved in six areas, while four indicators deteriorated, indicating labor market recovery challenges.

In June 2021, initial claims continued their downward path, registering yet another low since the onset of the pandemic (392K).

Temporary help services continued to stay almost flat for the third month in a row, while the ASA Staffing Index continued its two-month growth streak, reflecting the staffing industry's best month so far in 2021.

The employment diffusion index, which measures the percentage of industries that have increased their payrolls in the past month, improved as well to reach 66.7, showing increased demand for employees across most industries in May 2021.

The May 2021 figure for layoffs and discharges reached another historic minimum (the third time in a row after March and April 2021).

On the downside, total jobless claims and the jobless rate ticked up, resulting in a higher value than expected by economists (5.7%). Additionally, purchasing managers who report lower employment volumes continued to increase, revealing tensions between employers and employees in both manufacturing and services sectors.

Finally, our proxy indicator for unemployment gives more reassurance that the labor market is heading in a positive direction. Google searches related to the unemployment topic reached 27, the lowest figure since the pandemic started.

-  improved
-  deteriorated
-  stable



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

evolution of the barometer: 2019 – May 2021.



the labor market is improving, but it may be a bumpy ride.

The Randstad RiseSmart Labor Market Barometer figure for May 2021 is 105.8 (flat), continuing a downward path started in April 2021 (105.9*) and May 2021 (105.8).

Compared to one year earlier, the index is up +6.4 points, and it is closer to reaching the pre-pandemic level of 107.4 (January 2020).

Analyzing the past three months, the US labor market shows some mixed signals. On one hand, there are some indicators that are performing well (initial claims, temporary hiring, ASA staffing index, layoffs and discharges), while other are either underperforming (ISM index) or fluctuating (jobless levels and jobless rate).

Based on the Federal Reserve's target of reaching full employment, the labor market has significant progress to make in order to reach full recovery – according to experts within the institution, this might be a multiyear process ([WSJ](#), [FT](#)).



*value for April 2021 has been revised to 105.9

drivers of the barometer.



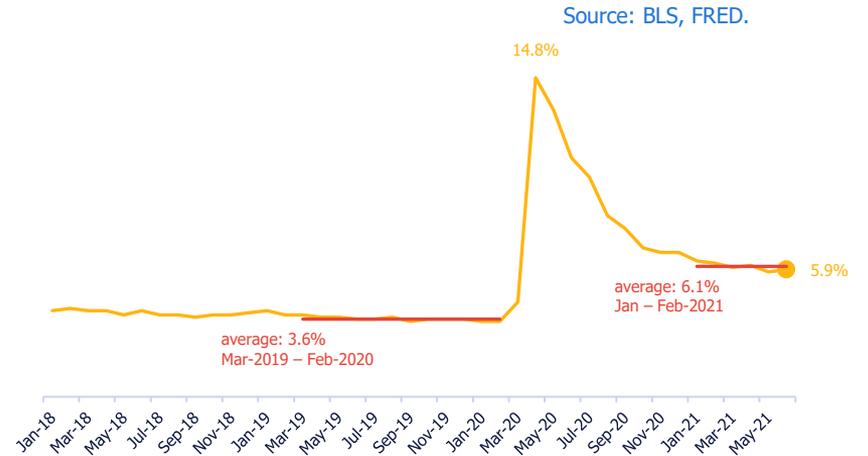
 index increase = labor market improvement
 index decrease = labor market deterioration
 index stable = no labor market impact

while the labor market adds new jobs, the jobless rate continues to be volatile.

In June 2021, the 4-WMA initial jobless claims continued to be the main driver that boosted the index. This was followed by the employment diffusion index (the percentage of industries that increased their payrolls) and the decreasing value of layoffs and discharges.

On the other side, poor performances within the ISM indices for Manufacturing and Services, as well as within the unemployment rate dragged, down the index, offsetting progress resulting from the other variables, which is why the barometer figure remained flat.

US unemployment rate, evolution 2018-21



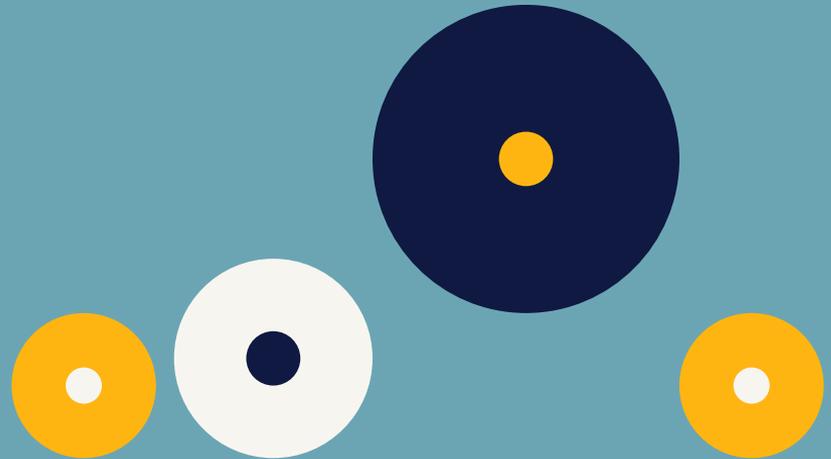
*value for the last week of the month.

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.

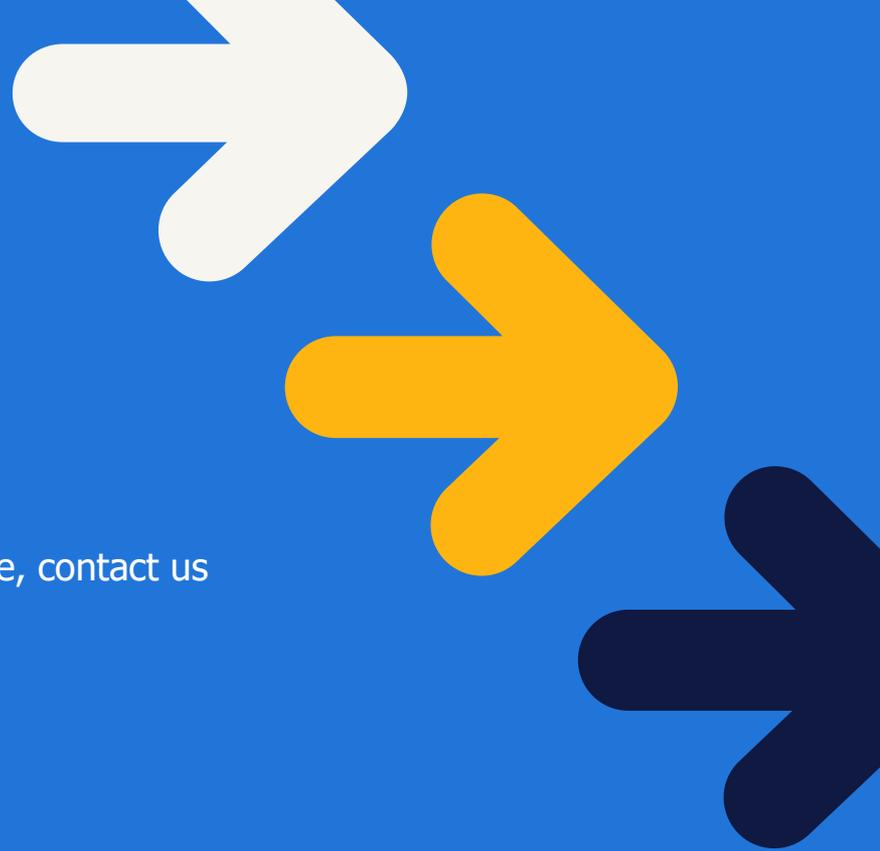
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Randstad RiseSmart is the fastest-growing outplacement and career mobility provider, and an operating company of Randstad N.V., a €20.7 billion global provider of flexible work and human resources services that helps nearly two million candidates find 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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