

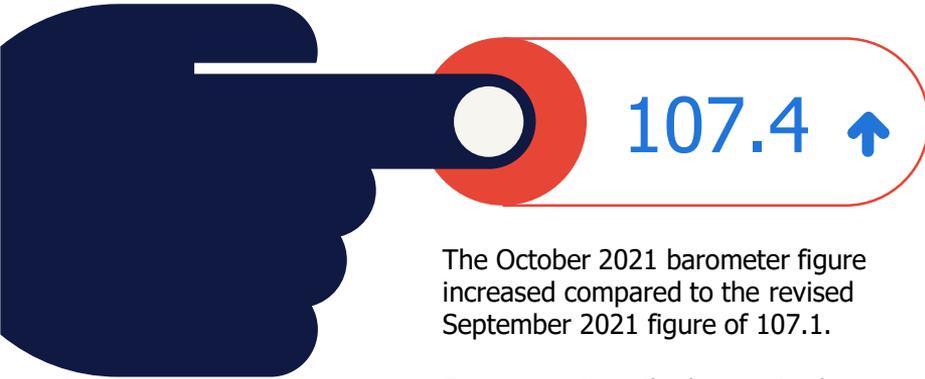
randstad risesmart labor market barometer.

a monthly overview of the US labor market.

october 2021



introduction.



The October 2021 barometer figure increased compared to the revised September 2021 figure of 107.1.

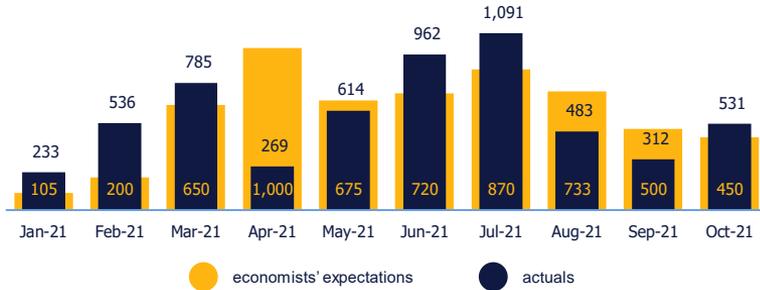
For perspective, the barometer has a baseline figure of 100, marked by the initial pandemic outbreak in March 2020.

The October 2021 figure of the Randstad RiseSmart Labor Barometer shows sustained growth momentum for the US workforce. It is the second subsequent month when all but one of the ten components improved, boosting the aggregate value. In addition, according to our index, the US workforce reached the same status as in February 2020, just before the pandemic shuttered the global economy.

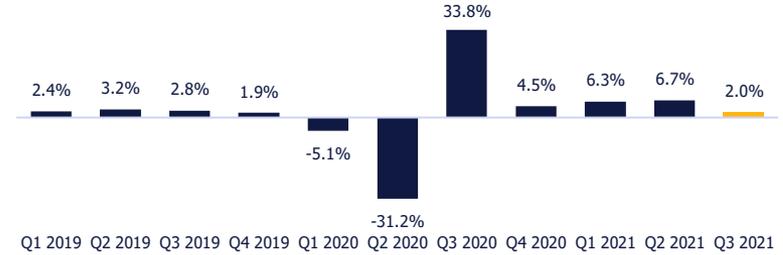
Overall data suggest that the labor equation is much more complex, however, and there cannot be an 'equal sign' between then and now. As much as we would like, there is still a long way to go before we can say that the labor market reached its pre-pandemic level.

the US economy and labor market in October 2021 – key facts.

Job growth – expectations vs. reality: October 2021 surpassed economists' expectations



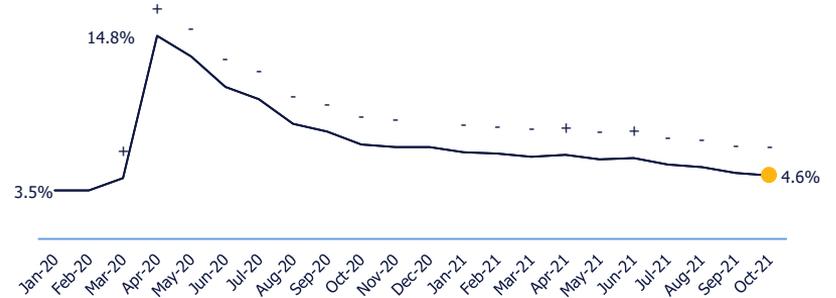
US economic growth cooled off in Q3 2021 amid the spread of the Delta variant, high inflation and supply chain snarls.



Labor force participation did not inch; 104K people entered the workforce, but not enough to offset the loss from the previous month.



The jobless rate continued its downward trajectory for the fourth month in a row (-0.2 pps from September 2021).



the US economy and labor market in October 2021 – report highlights.



The Randstad RiseSmart Labor Market Barometer reached the same level as in February 2020 (107.4). However, one year later, the US workforce is far different than economists could have predicted.



The US workforce continued its recovery by adding more jobs than expected. The labor market continues to be tight with an unbudging labor force, high levels of job openings and historical quits levels.



The US economy recovery slowed down in Q3 2021 but is on track to achieve one of the strongest output recoveries in history. Inflation continues to pose a threat to the overall recovery.

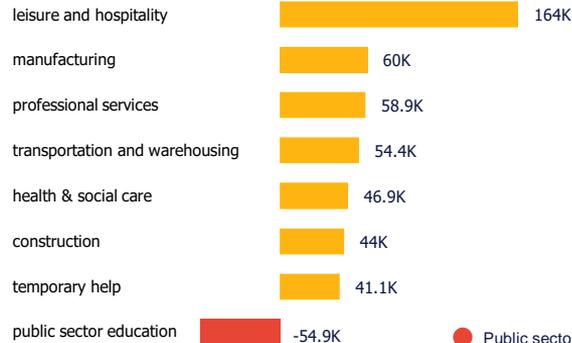
the US labor market in October 2021.

the US workforce continues to improve, but internal pressures amount.

After two months of weak job gains, in October 2021, the US economy surprised economists by adding 531K jobs (above the 450K forecast – [Bloomberg](#), [BLS](#)). In addition, the **revised job figures for September (312K) and August (483K) provide a more optimistic picture for the recovery of the US workforce.** Again, **the US private sector managed to add 604K jobs, while government jobs, especially state and local education services, continue to drag the overall job growth.** The number of government jobs that the US economy is losing continued to climb in the last three months from 21K in August to 73K in October 2021.

Overall, most signs are positive and show that **the US workforce is recovering from the shocks of the pandemic. Moreover, the economy and the labor force showed robustness in the face of the spread of the Delta variant.** Despite the optimistic view, some indicators are worrisome: the labor force participation rate remained essentially the same (61.6%), signaling that the working-age population prefers to remain outside the workforce and possibly wait for better offers ([BLS](#)). This trend continues despite employers' efforts to increase wages and provide additional benefits, especially in the low-paying sectors like leisure and hospitality (11.2% from October 2020) ([BLS](#)). Moreover, employers started to lower their hiring standards, co-opting anyone willing to take the job. The downside to these practices is **an increased strain on companies' financials since they need to train or reskill people with no guarantee as people might choose to leave after the training period is over** ([WSJ](#)).

The **low workforce participation rate impacts negatively companies' abilities to retain their talent**, fueling the Great Resignation phenomenon and further unbalancing the supply and demand sides of the labor market. Understaffed companies rely on their current workforce to ensure business continuity and growth, which in turn leads to burnout, overworked individuals and frustration about increased workload and improper compensation. **Fifty percent of US workers feel the burden produced by understaffing** ([CNBC](#), [Momentive Workforce Survey](#)) and declared they were forced to take more responsibilities ([HR Dive](#)), which led them to consider quitting their jobs. Finally, current employees are also asking for pay rises and new benefits.



● Public sector
● Private sector

jobless rate maintained its downward trend:

4.6%

October 2021 saw the fourth subsequent month with a decreased unemployment rate (versus 3.50% in February 2020).

US economy still needs to add

4.2M

to reach pre-pandemic employment levels – about the same level it gained in the last 7 months (~4.3M).

fewer workers report being directly affected by the pandemic:

3.8M

the number of US individuals unable to work because their employer closed/lost business due to the pandemic decreased from 5M in September 2021.

wages continue to rise:

4.9%

the year-over-year increase of employee earnings since October 2020 (9.6% since October 2019).



the US economy in October 2021.

economists are optimistic even if more indicators signal a slower recovery.

In October, the overall situation of the US economy was highly ambivalent since it recorded both positive and negative trends simultaneously, which put the economists in a difficult position when trying to forecast future evolutions. From the start, the release of the US economic output figures puzzled economists, showing a lower-than-expected economic growth of only 2% in Q3 2021 ([BEA](#)). The spread of the Delta variant, supply-chain disruptions, and rising inflation were among the main headwinds stopping further economic growth. All of this reflected in a deceleration of the personal consumption expenditure (the main component of the US GDP - 1.6%, compared to 12% in Q2 2021), indicating that the effects of the \$1.9T fiscal aid subsided and that people became more careful with their spending habits.

Economists are optimistic that the US economy will continue to recover and boast at least a 5% yearly growth rate, the highest since 1984 ([BEA](#)). **Continuing the growth momentum is essential in controlling inflationary pressure**, which reached a 30-year historical maximum in October 2021. As a result, the Fed announced it would gradually start the asset tapering process in December 2021 and keep interest rates near zero ([the Fed](#)). This macroprudential approach will help ease the pressure; however, it is a long-term strategy. Therefore, lacking any short-term solutions, inflation will start to wane only when US consumer demand begins easing, thus lifting the current strain on understaffed and underequipped supply-chain networks ([WSJ](#), [FT](#)).

The irresolute evolution of the economy in October 2021 also produced mixed feelings among US consumers. Despite growing inflation, both consumer sentiment gauges ticked upward: the Conference Board Consumer Confidence Index increased to 113.8 ([Conference Board](#)), while the University of Michigan Consumer Sentiment figure rose to 72.8 ([Quandl](#)). Both metrics are well below their values from the Summer months, and **consumers' temporary confidence and eagerness to spend might be short-lived since the surge in inflation will diminish the already low level of optimism regarding the economic conditions** ([Bloomberg](#)).

Most importantly, the **threat that inflation poses on the long-term plans of the Biden Administration persuaded White House policymakers to try to influence some of the factors driving inflation**. Recently, the Administration attempted to convince OPEC nations to increase production and contemplated easing tariffs for some products coming from China ([FT](#)). Still, the \$1.2T Infrastructure plan and the proposed \$1.75T social-spending plan might increase inflation, at least at the onset of their implementation ([WSJ](#)).

US economic recovery put on brakes...

2%

real GDP growth rate for Q3 2021 was well below expectations.

economic growth will pick up in Q4 2021:

5%

estimate for the quarterly US output from the Conference Board (5.5% annual growth rate in 2021).

inflation continues to rise:

6.2%

price hike in October 2021, compared to a year earlier (largest increase since 1990).

consumer sentiment ticked up:

113.8

Conference Board Consumer Confidence Index moved up 4 points, despite expectations of a further decline.



evolution of components: snapshot.

	october 2021 (september 2021)	trend
unemployment level ('000 persons)	7,419 (7,674)	↑
unemployment rate (%)	4.6% (4.8%)	↑
temporary help services ('000 persons) ¹	2,772 (2,730)	↑
initial claims 4-WMA ('000 persons)	284.75 (340.5)	↑
ASA staffing index	105.3 (99.7)	↑
employment diffusion index ²	67.6 (62.7)	↑
layoffs & discharges ³ ('000 persons)	1,343 (1,423)	↑
ISM Index % reporting lower volumes in Services	21.4 (16.5)	↓
ISM Index % reporting lower volumes in Manufacturing	15.9 (17.3)	↑
google searches (unemployment topic)	10 (16)	↑

barometer components improved in nine areas and deteriorated in one.

In October 2021, the Randstad RiseSmart Labor Barometer components continued their positive evolution, determining a higher index value.

The leading unemployment indicators continued the positive trends started in July 2021. The jobless rate inched down by 0.2 pps from 4.8% the previous month, while the unemployment level decreased by 3.3% – a smaller decrease than last month (-8.5%). Simultaneously, the 4-WMA for unemployment claims (the main proxy for layoffs) suffered a sharp downward correction (16%) – its largest since May 2021. Relative to jobless indicators, Google search trends for the unemployment topic also saw a significant improvement by dropping 6 points from last months value of 16.

The staffing industry is also witnessing a boom period: the ASA Staffing Index increased by 5.6 points, reaching 105.3 in the last week of October 2021, marking the subsequent fifth week with a value above 100. The temporary help services employment numbers, which grew by 41K jobs, reflect the US staffing upturn and show employers' preparations for the Christmas season and their willingness to add temporary workers to supplement their existing staff.

The only indicator that maintained a negative trend was the employment gauge of the Services PMI: a rising number of purchasing managers continue to report a lower number of hires for the next month, highlighting that staffing and turnover continue to pose significant challenges. On the other hand, the Manufacturing PMI figures reveal that the industrial sector attracts more people into its workforce.

-  improved
-  deteriorated
-  stable



¹revised figures for August 2021.

²one-month lag in data; figures for August 2021.

³two-month lag in the data; figure for August 2021.

For component definitions, please see page 11.

evolution of the barometer: 2019 – october 2021.



the barometer reached its pre-pandemic level, but it reflects a different US workforce.

In October 2021, the Randstad RiseSmart Labor Barometer showed another increase, continuing the positive trend from last month: this month's figure reached 107.4 (+0.3 points from the revised September figure of 107.1). In total, our index improved by 0.8 points in the last two months.

Even better, in September 2021, the barometer showed that the US labor market improved despite the weak job growth numbers and the bleak sentiment that followed the BLS release. Our findings proved correct when the November BLS release revealed a positive correction for the job growth figure (312K instead of 194K, previously calculated).

The RRLMB shows that we are at the same level as in February 2020, which would mean that the US labor market has reached its pre-pandemic level. Of course, this doesn't mean that the US labor market has fully recovered – there is still a long way to achieving this goal. The US workforce is much more different than a year ago, and the RRLMB figure needs to be put in perspective: unemployment levels and initial claims are still high, while temporary jobs are still down (-173K jobs compared to February 2020). On the other hand, employers' appetite for hiring is more extensive than ever, highlighted by the historic low levels in layoffs and the historical peaks the US staffing industry reached.



drivers of the barometer.

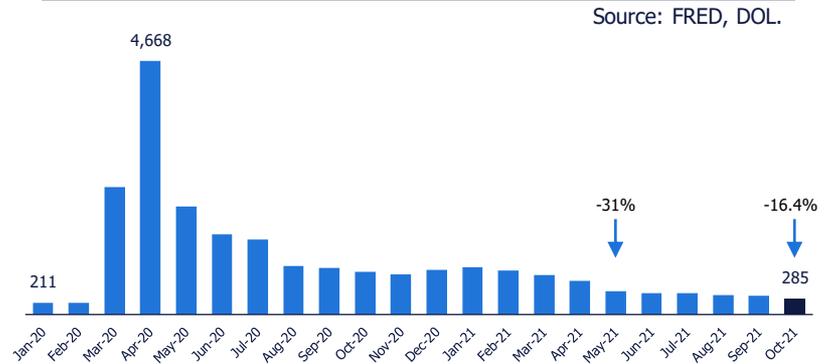
	contribution
unemployment level ('000 persons)	↗
unemployment rate (%)	↗
temporary help services ('000 persons)	↗
initial claims 4-WMA ('000 persons)	↗
ASA staffing index	↗
employment diffusion index*	↗
layoffs & discharges** ('000 persons)	↗
ISM Index % reporting lower volumes in Services	↘
ISM Index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

jobless-related indicators continue to be the main drivers behind the index surge.

In October 2021, all but one of the indicators experienced positive trends, which led to a higher barometer figure. Even though most components boosted the final index value, the main driver of the index was the 4-WMA initial jobless claims, whose value decreased by 16.4% - the most significant decrease since May 2021.

Another critical driver for this month's index figure is the ASA Staffing Index value (105.3), which increased by 5.6 points since last month (99.7).

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



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



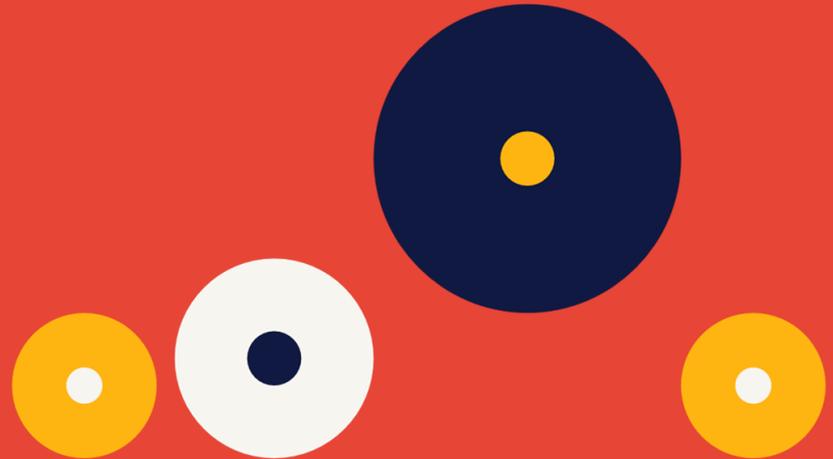
*, **1-month/2-month lag in the data (September index figure calculated based on August data).

about the 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 search trends (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.

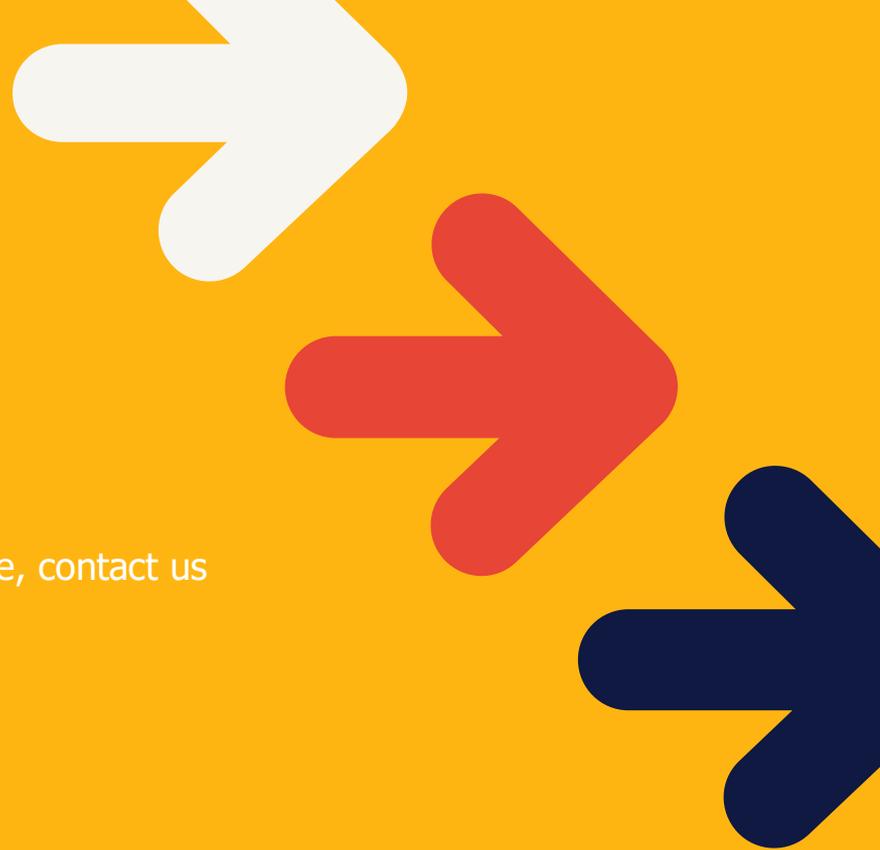
To learn more about how to build a future-fit workforce, contact us today.

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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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