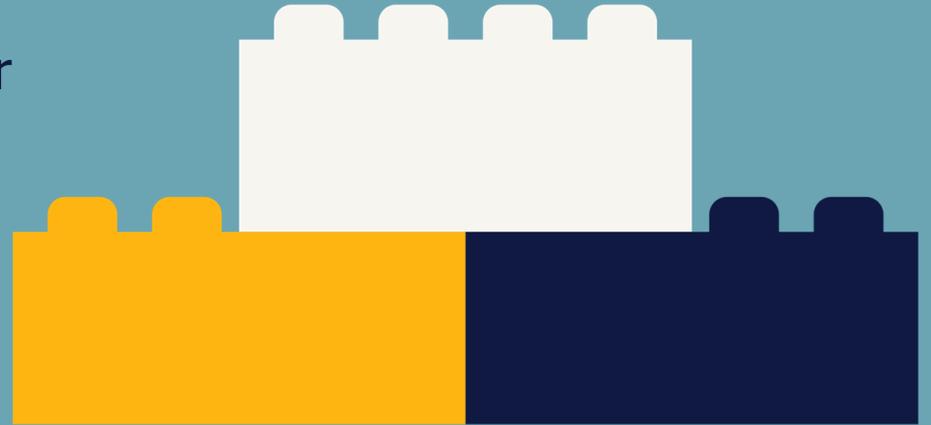


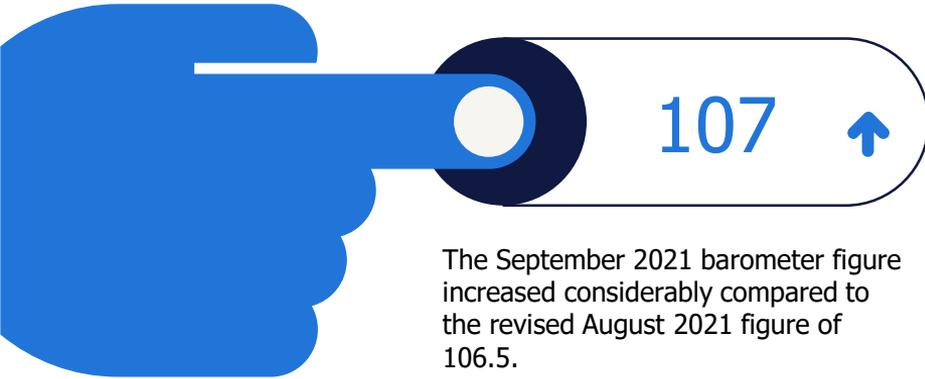
# randstad risesmart labor market barometer.

a monthly overview of the US labor  
market.

september 2021



## introduction.



The September 2021 barometer figure increased considerably compared to the revised August 2021 figure of 106.5.

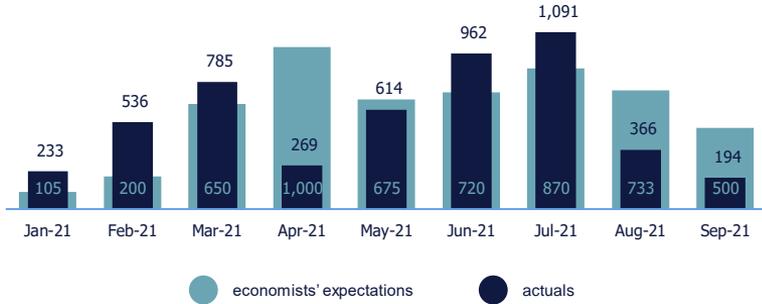
For perspective, the barometer has a baseline figure of 100, marked by the initial pandemic outbreak in March 2020.

With a disappointing job gains figure in September 2021, it seems that the US labor market didn't gain the sufficient traction economists were looking for. The journey to achieving full employment (the labor situation before the pandemic) is long and most economists argue that might not happen within the 2021 timeline.

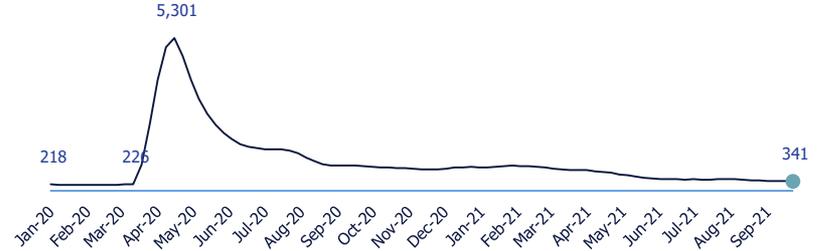
Still, based on the evolution of its components, the Randstad RiseSmart LMB figure shows a significant improvement, highlighting that the US workforce continues to recover slowly, but steadily.

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

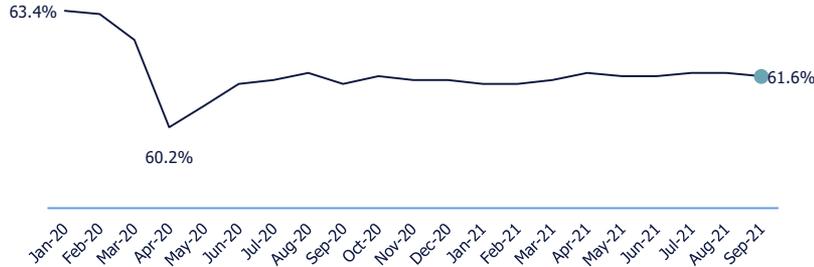
Job growth – expectations vs. reality: September 2021 is below economists' expectations.



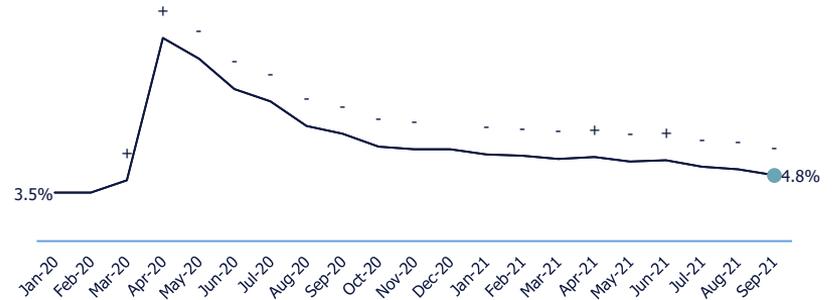
Unemployment claims\* continue to fall as companies intend to hold on to their employees.



The active workforce is still way down from pre-pandemic levels: In September 2021, it fell by 183K people.



The unemployment rate continued its downward trajectory for the third month in a row (-0.4pps from August 2021).



Sources: BLS, FRED, Bloomberg.

\*4-WMA initial claims (end of month figure)

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



The Randstad RiseSmart Labor Market Barometer increased in September 2021, driven mostly by a significant improvement of the unemployment indicators.



The US workforce is gradually healing, but economists have a hard time gauging when it will fully recover because of conflicting metrics.



The US economy will continue to grow, but at a slower pace, mostly because of supply shortages (labor, commodities, manufacturing parts and products) and dimming consumption.

# the US labor market in September 2021.

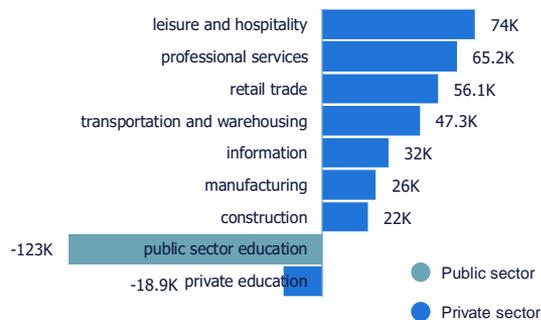
## The US workforce is closer to recovery, but systemic issues persist

In terms of job growth, September 2021 was the worst month this year: the US economy added an aggregate of 194K jobs, lower than 500K jobs economists predicted. **Even if job gains for August and July were revised upwards (366K and 1,091K respectively), overall job gain in Q3 was ~1.6M, lower than in Q2 (~1.8M). The main reason for the small job gain number for September was lower hiring in the education sector** (public and private, as some schools are in quarantine because of the spread of the Delta variant). Overall, the US private sector added about 317K jobs, with leisure and hospitality leading the pack (74K – double the figure from August: 38K). Professional services continued to add jobs, while retail trade rebounded and added 56K jobs after shedding some 28.5K in August. ([BLS](#))

**In September 2021, the systemic issues that affect the labor market continued to manifest themselves.** The disconnect between labor demand and supply continues to hamper the US economic recovery. Despite the fading of the Delta variant, the termination of the pandemic unemployment assistance program and companies' efforts to attract talent, US workers continue to be reluctant to take available jobs. The reasons are many: lack of childcare, caring for other family members, fear of getting Covid-19, early retirement or a mismatch between job offering and personal choices ([WSJ](#)).

**Job openings continue to be very high, and employees are quitting at levels never seen before ([JOLTS](#)).** At the same time, **the existing workforce shrunk by 183K people** – showing that some people, instead of returning to work, decided to do something else.

Of course, this doesn't mean that the US workforce will not recover. Some economists suggest that this month's "bad" numbers are more the result of "statistical quirks around school reopening" ([NYT](#)). Also, **there is a general agreement that the US workforce will rebound, and the economy will regain the 5M jobs that it lost during the 2020 crisis. However, the timelines will stretch for far longer than initially estimated.** For example, the BLS forecasted that by 2030 the US workforce will have 11.9M more jobs to fill with sectors like leisure and hospitality and social care being the main gainers. ([the Balance](#))



jobless rate continues to fall:

### 4.8%

in September 2021, the unemployment rate fell for the third consecutive month, but it is still higher than in February 2020 (3.5%), before the economic downturn.

US workers are leaving their jobs:

### 4.3M

people quit their jobs in September 2021 – largest historical level.

fewer people have a safety net:

### 3.6M

US individuals continue to seek jobless benefits (as of September 25, 2021).

available jobs decreased, but are still elevated:

### 10.4M

job openings available in September 2021 (down 660K from August 2021).

workforce shrunk:

### 183K

people left the workforce altogether in September 2021 – largest decrease since January 2021.



# the US economy in September 2021.

## More signs of a cooldown might hamper the 2021 recovery targets

If August 2021 showed that the spread of the Delta variant could reverse the economic recovery, September 2021 showed that consumers started to acclimate to the idea that Covid-19 will be an ever-present factor in their lives. Some sectors were affected by the recent spike in cases and deaths, but the overall impact was less severe than in previous waves.

**The US economy continued to show resilience despite labor and supply-chain shortages and rising inflation. Americans continued to spend, surprising economists: overall retail sales increased by 0.7% when most experts expected a 0.2% decline m-o-m in September 2021.** ([NYT](#), [WSJ](#)). Consumer sentiment gauges fueled economists' pessimistic expectations highlighting a downward trend in consumer appetite. For example, the University of Michigan Consumer Sentiment index slightly increased in September, compared to August 2021 (71 versus 70.3), but both figures are very low compared to June or July 2021 ([UoM](#)). The same trend is visible for the Conference Board Confidence Index: the September 2021 figure registered the third consecutive month of decline and one of the lowest figures for this year ([Conference Board](#)).

However important, **consumer sentiment will not be the only deciding factor in how Americans spend their money. Backups at US ports and disruptions in manufacturing plants overseas might hamper consumption**, as Americans will encounter empty shelves or they will make do without some of their favorite products. A Morning Consult survey found that 60% of respondents had difficulty obtaining at least one item in the last month ([the Balance](#)). Another factor will be inflation, which continues to rise: In August 2021, the latest data available, the CPI rose by 5.3% on an annualized basis, very much in tune with the figures for June and July 2021 (5.4%) ([BLS](#)). At this point, even the Fed, which stated that inflation would be transient, accepted that inflation is here to stay and modified its annual forecast for 2021 to 4.2%. Already, **some economists are suggesting that the US economy might be heading for a period of stagflation, market by rising inflation, low unemployment, and moderate economic growth** ([Quartz](#)).

Based on the above, **more economists suggest that GDP growth revisions are in place**. Already Goldman Sachs further slashed its expectations for the second time in one month, from 5.7% to 5.6% for Q3 2021, citing a slower recovery in consumer spending ([Bloomberg](#)). Other indicators such as the record trade deficit (\$73.3Bn) registered in August 2021, lower domestic business investments and lower government spending will affect how Q3 2021 numbers will look ([Atlanta Fed](#)). Finally, in its most recent yearly GDP growth forecast, the IMF announced it had cut expectations for the US output from 5.6% to 5.2%, citing supply chain disruptions and softening consumer spending as the main motives for the revision ([the Balance](#)).

economic output revised downwards:

### 5.2%

real GDP growth rate for 2021, expected by the IMF; revised from 5.6% in July 2021.

consumer sentiment worsens:

### 109.3

Conference Board Consumer Sentiment Index fell to a seven-month low.

trade deficit widens:

### \$73.3B

record US trade deficit for August 2021, another historical record after June 2021.

retail stores try to cope with consumer demand:

### 60%

of consumers cite lack of products due to supply constraints.

inflation is here to stay:

### 4.2%

the Fed's revised forecast for 2021 (from previous figure of 3.4%).



## evolution of components: snapshot.

	september 2021 (august 2021)	trend
unemployment level ('000 persons)	7,674 (8,384)	
unemployment rate (%)	4.8% (5.2%)	
temporary help services ('000 persons)*	2,688 (2,693)	
initial claims 4-WMA ('000 persons)	340.5 (356.3)	
ASA staffing index	99.7 (97.8)	
employment diffusion index**	60.8 (94.1)	
layoffs & discharges*,** ('000 persons)	1,343 (1,423)	
ISM Index % reporting lower volumes in Services	16.5 (13.9)	
ISM Index % reporting lower volumes in Manufacturing	17.3 (21.5)	
google searches (unemployment topic)*	16 (22)	

\*revised figures for April 2021.

\*\*one-month lag in data; figures for August 2021.  
For component definitions, please see page [11](#).

barometer components improved in seven areas and deteriorated in three areas.

In a second consecutive month with less than expected job growth, the Randstad RiseSmart Labor Barometer components improved, further driving the index up.

Unemployment indicators continued to improve for the third month in a row, while unemployment claims followed the same suit. Layoffs and discharges reverted to their previous trend, disrupted by the July 2021 increases. Google search trends on unemployment also dropped consistently.

Temporary help services employment continued its slight downward path, and the ASA Staffing Index increased further, showing that the staffing industry regained its pre-pandemic status.

The ISM employment gauge for September 2021 showed an increase, reflecting how the Delta variant has hit companies in this sector. Within manufacturing, the number of respondents citing lower employment levels decreased, compared to the prior month, showing a need to hire, even if the labor market is extremely tight. Purchasing managers complain that it is difficult to fill their open positions in both sectors.



## evolution of the barometer: 2019 – august 2021.



the specter of unemployment seems to dim, despite a growing fourth wave of the pandemic.

In September 2021, the Randstad RiseSmart Labor Barometer reached the value of 107. The figure is higher than the revised figure for August 2021 (106.5). Based on the revised figures, the overall trend is ascending with a slight downward variance in August 2021.

Based on its components, the Randstad RiseSmart LMB shows that the US workforce is slowly recovering from the shocks of the pandemic lockdown from March-April 2020. On an annualized basis, the index is up 3.7 points from September 2020, but it is lower compared to the September 2019 figure (-0.3 points).

Our index improved mainly because of the improvement in the jobless indicators (unemployment level and unemployment rate). However, as a caution, besides the natural fall (710K people), the unemployment rate also improved in September 2021 because the US workforce actually shrunk by 183K people – the labor force participation rate inched down to 61.6%.

# 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)	↘

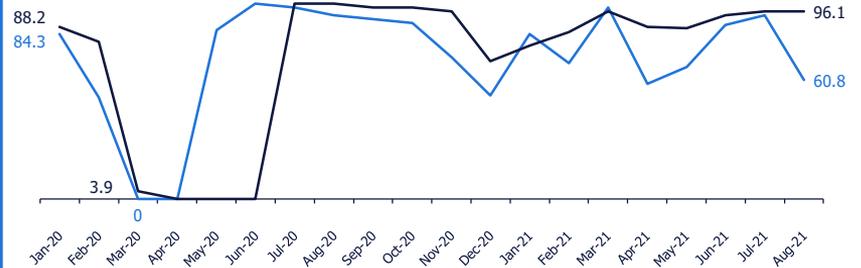
## unemployment indicators continue to drive the index up.

In September 2021, all indicators related to unemployment have improved: unemployment level and unemployment rate, unemployment claims and layoffs and discharges.

One particular aspect is the drop in the employment diffusion index: after three months of positive developments, it dropped sharply in August 2021, showing that employment was not spread across all sectors of the economy (some sectors are struggling to hire). Of course, longer trends (the 3-month diffusion index) show that employment is picking up and it is evenly spread across geographies and industries.

### Employment diffusion index (1-month, 3-month; evolution 2020 – September 2021

Source: BLS, DBnomics.



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



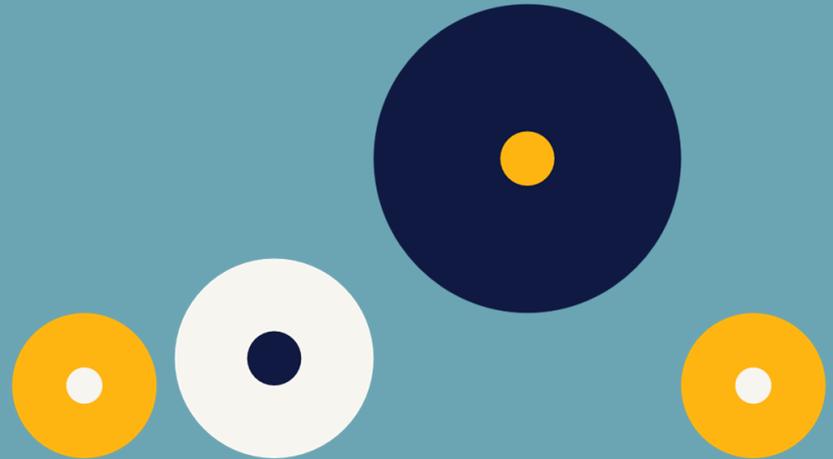
\*1-month lag in the data (September index figure calculated based on August data).

## 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.

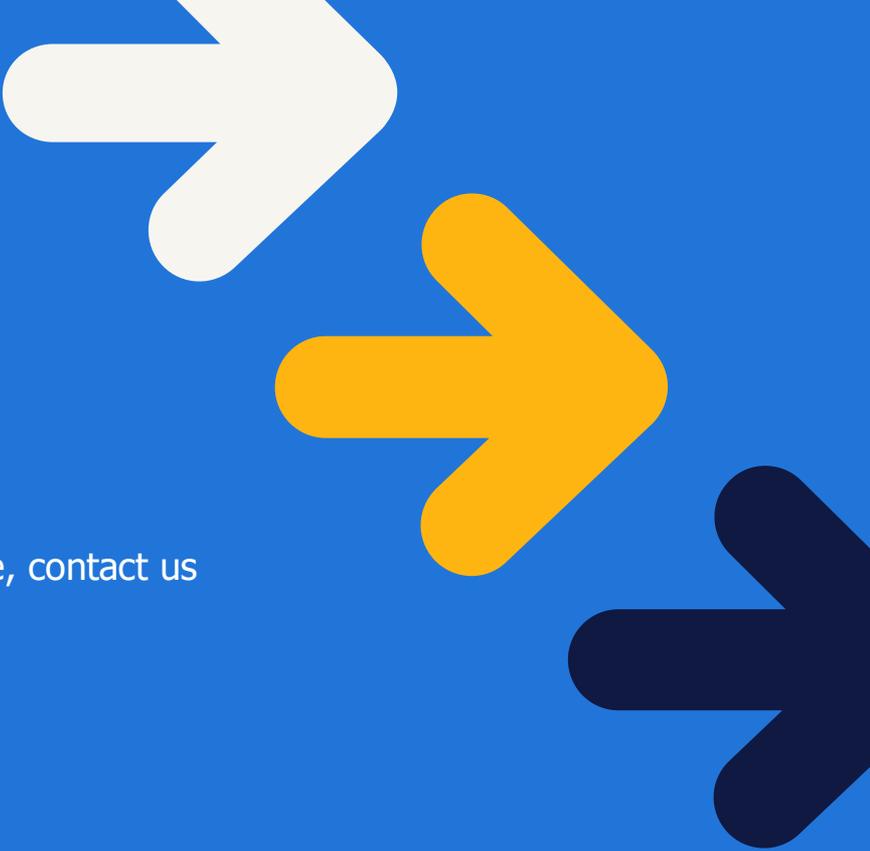
Using a PCA-based statistical model, Randstad RiseSmart looks at ten important labor macro indicators and consolidates them into one single figure that can provide insights on trends within the labor market.

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.

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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](http://www.randstadrisemart.com).



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