Cornerstone
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NEWS ADVISORY

Steven Drexel, Cornerstone Staffing President/CEO, Offers Commentary On March's Employment and Economic Outlook

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Pleasanton, CA (March 30, 2016) — With the release of the US Bureau of Labor Statistics March 2016 employment data on Friday April 1, Steve Drexel, Cornerstone Staffing Solutions president and chief executive officer, is ready and available for interviews or commentary on the economic and employment impact.

Drexel is an economist, a member of the Business Research Advisory Council of the U.S. Bureau of Labor Statistics, and past chairman of the American Staffing Association's Industry Information Committee. He has been interviewed for *The Washington Post*, *Bloomberg Business News*, *CNN Radio, the Associated Press*, *The Houston Chronicle* and *The Houston Business Journal* -- among many other national, regional and local media organizations.

Drexel's biographical profile is available at http://www.cornerstone-staffing.com/. Please contact Brian Hatfield for any information or insights related to a wide range of employment and economic topics Drexel is prepared to comment on.

"I expect Friday's Employment Situation Report covering March's activity to indicate that the labor market expanded by 215,000 jobs and the unemployment rate will hold steady at 4.9 percent," comments Drexel. "My read is that February's result included some unsatisfied pent up demand from January – therefore, the underlying fundamental demand during March and for the balance of the year will be at or around the 210,000 monthly growth level. The unemployment rate will come down gradually over the course of 2016 but slowly since labor force participation is starting to edge up which offsets the improving employment part of the equation."

Some additional perspectives from Drexel:

- **February's surprisingly strong report.** The Employment Report covering February 2016 activity was released on Friday March 4th. The headline gain in employment was, a much better than expected, 242,000 jobs while the unemployment rate remained constant at 4.9 percent. Not only was the 242,000 growth notably better than the February consensus, it handily beat January's unnervingly soft 172,000 increase and even exceeded the six month average increase by about 2 percent. The February report was encouraging because it demonstrated a degree of buoyancy in the face of global weakness and turbulence in the financial markets (stocks and bonds). February's rebound eases concerns about the overall economic trajectory and the health of the domestic economy.
- **Will March look encouraging like February or disappointing like January?** The most positive employment indicator during March was Initial Jobless Claims which have trended lower from already favorable levels. Additionally, Continuing Claims trended in a positive direction as well. The Philadelphia Fed Manufacturing Survey reported an improving employment index during March. The Manpower Hiring Plans Survey indicated that all sectors of the economy expect to add employees

during the first and second quarters of 2016. Moreover, the Conference Board's March index of "Jobs Plentiful" improved to 25.4 during March from 22.8 during February The Wall Street Journal's March Economic Survey of 72 leading economists forecast of employment is 6 percent higher than the February forecast. The American Staffing Association's Monthly Index was 0.74 percent improved during March compared to February suggesting that job growth should be the same or slightly better than recent trends. Finally, the private employment surveys that I participate in continued to suggest growth during March as a level similar to recent months.

A less than positive employment indicator was The Conference Board's March index of "jobs hard to get" which increased from to 26.6 from 23.6 in February.

- **Expectations for April and the balance of 2016.** The engine of growth slightly outweighs the obstacles facing the economy. This has been the case since around last August when slowing foreign demand and turbulence in the financial markets began raising anxiety. Domestic employment growth continues as a mainstay supporting the general economy along with vehicle production, housing and retail sales. Wage growth is showing signs of long overdue improvement which will continue to support a beneficial level of spending. Disappointingly slow (around 2.2 percent) but remarkably steady (almost seven years and running) growth is acceptable for the U.S. economy, particularly compared to the rest of the world. The aggregate effect of 65 consecutive months of employment growth is a measured but persistent journey toward "full employment". Fuller employment combined with improving wage growth supports continuing growth in the economy.

"The cumulative result of these indicators would suggest slower growth than what was reported during February but a still respectable lift consistent with broader economic growth in the 2 percent range. The 1st quarter GDP growth is slower than recent quarters, but still positive despite many challenges. The forecast calls for more slow but steady growth, but the cumulative impact results in more acute labor shortages and accelerating wage pressure. The risk of recession hovers around a still benign 20 percent," says Drexel.

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