



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

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Pleasanton, Calif. (August 2, 2016) — With the release of the US Bureau of Labor Statistics July 2016 employment data on Friday August 8, 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 July's activity to indicate that the labor market expanded by 160,000 jobs and the unemployment rate will decline by a tick to 4.8 percent," comments Drexel. "Generally, I'm calling for July's report to smooth the extreme results reported during May and June. I should note that some will view this report as a critical tiebreaker that will confirm either June's strength or May's weakness. My prediction is that we will get confirmation that the labor market remains on a slow but steady growth trajectory."

Drexel shares these positive employment-related economic indicators during July that support his conclusions:

- Initial Jobless Claims as well as Continuing Jobless Claims remained at low levels and decreased further during July. This is notably true during the reference weeks from which the BLS draws its survey. This metric addresses layoffs, which have not increased. The pace of hiring is not illuminated by jobless claims so we will have to look to other metrics in order to tease out this important component of the employment equation.
- The Conference Board's survey differential between "jobs plentiful" versus "jobs hard to get" improved to a net +0.7 during July as fewer respondents found jobs "hard to get".
- The private employment surveys that Drexel participates in continued to suggest growth during July, albeit at a slow pace based in part on softer order flow, but also, difficulty in finding qualified applicants.

On the flip side, negative employment-related economic indicators during July included the following:

- The Wall Street Journal's July Economic Survey of 72 leading economists indicated that respondents' expectations for employment growth for the balance of 2016 was 1 percent lower than the June's forecast reflecting slightly lower expectations.
- The American Staffing Association's Monthly Employment Index was down 0.65 percent during July compared to June, during the BLS survey reference weeks, suggesting that job growth will be off slightly during July.
- The employment component of the Institute for Supply Management's Manufacturing diffusion index declined to 49.4 percent during July. A reading below 50 percent indicates that manufacturing employment likely declined slightly during July.
- Regional Federal Reserve surveys of activity in their districts were mixed or down during July. The results were varied and perhaps indicated some moderation, but on balance these indicators did not suggest that July was stronger.

Drexel also offers thoughts on what some of the non-employment specific indicators suggest. "The headline GDP report for the second quarter, released late last week, was disappointing because analysts expected more of a rebound from a weak first quarter. Two sequential soft quarters indicates that the economy is slower than expected," says Drexel. "Retail Sales are not the problem; data evident in the monthly series as well as the GDP report suggest that consumers are an important support for growth. Moreover, Consumer Confidence during June and July was elevated compared to the February through May period. The Index of Leading Indicators was encouraging during July. The Beige Book Report from the Federal Reserve Banks was on balance stronger during July which has been the case for three consecutive months. Industrial Production improved in July and was stronger than expected but, continues to face challenges. The ISM Manufacturing Index, currently at 52.6, is more optimistic having bottomed in December of 2015 and grown steadily through July. The service sector remains healthy given that the ISM's Nonmanufacturing Index is at 56.5 during July. On balance, the indicators point to better, albeit still modest, growth during the second half of 2016."

Drexel still supports the notion of "slow and steady" as the best description of the outlook although slow has become "slower" particularly during the near term. He goes on to state that employment growth spiked up during June but is expected to "regress to the mean" during the second half of 2016. However, employment growth will be slower than what we enjoyed during 2014 and 2015. Expect jobs growth during the remainder of 2016 to average about 160,000 net new jobs per month while the unemployment rate trends sideways or slightly down for the remainder of the year.

"Employment growth as measured by the BLS slowed notably during the first half of 2016 months, as did GDP. The wide swings in job growth during May and June amplifies the importance of Friday's BLS report particularly given the weak GDP report issued late last week," Drexel concludes. "The realization of slower GDP and Employment growth has not markedly increased the risk of recession which remains at about 20 percent. In as much as the unemployment rate remains low while wage pressure is building, we should expect continued labor shortages."

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