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**Steven Drexel, Cornerstone Staffing President/CEO,  
Shares Insights on a Soft May 2017 Employment Report**

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**Pleasanton, Calif. (June 6, 2017)** — As an economist and seasoned staffing industry professional, Steven Drexel is regularly asked to participate in several monthly surveys and discussions that predict key elements of the Bureau of Labor Statistics' ("BLS") press releases describing The Employment Situation. On Friday June 2nd, the Bureau of Labor Statistics ("BLS") released its monthly summary of labor market activity covering May 2017. The consensus expectation called for a return to a solid trend growth of around 185,000 positions.

"On balance, May's result suggests that growth has been softer than expected with room to improve during the rest of the 2017," comments Drexel. "The official report indicated that May's job growth fell short of expectations, with a disappointing 138,000 net new jobs. This weakness along with downward revisions to March and April brought the three-month trend rate down to 121,000 new jobs -- which is the softest trend rate in almost five years." Drexel explains that job growth during the first five months of 2017 has been subject to rather wide swings with January and February looking quite strong in contrast to March and May which were disappointing.

Drexel remarks that other metrics included in the monthly BLS report were softer as well:

- The labor force shrank by a surprising 429,000 people causing the labor force participation rate to deteriorate by two tenths to 62.7 percent. The labor force participation rate for prime-age workers (25 – 54 years-old) was also down by two-tenths of a point to 81.5 percent;
- In a sign of weakness, due to a shrinking labor force, the official unemployment rate contracted by one tenth of a point to 4.3 percent (notably, the lowest rate in 16 years);
- The broadest measure of unemployment, that includes those marginally attached and working part time for economic reasons, decreased by two-tenths of a point to 8.4 percent. Seventy-eight point four percent of prime-age workers were employed during May, down from April and still below the 80.3 percent peak during the previous expansion in January 2007;
- The median duration of unemployment was up two-tenths to 10.4 weeks, also close to a cyclical low but higher than the 7.5 week median that was the low point of the last expansion during June of 2006; and
- The year-over-year growth in average hourly earnings remained unimpressive during May at 2.5 percent, another indication of slack in the employment market despite a very low unemployment rate. Normally, with an unemployment rate at 4.3 percent, one would expect to see average hourly earnings growing at a 4 percent rate.

Drexel also noticed the industry sector metrics indicate a weaker majority of the industries grew during May as 54.8 percent expanded or were unchanged compared to 61.3 percent during April. "This relatively large

decline indicates that the softer growth was widespread," he said. Prominent increases in employment by industry segment included the following:

- Professional and business services (+38k) – including temporary help;
- Health care and social services sector (+32.3k) – always robust;
- Leisure and hospitality (+31k) – two strong months in a row;
- Construction (+11k) – stronger recently;
- Financial activities (+11k);
- Mining and logging (+6k) – long suffering but recently recovering;
- Transportation and warehousing (+3.6k); and
- Durable goods (+2k).

The noteworthy declining industry sectors included the following:

- Government (-9k) – related to the federal hiring freeze;
- Retail trade (-6.1k) – due to online migration;
- Nondurable goods (-3k);
- Wholesale trade (-2.1k);
- Information (-2k);
- Motor vehicles & parts (-1.5k) – recently stalled;
- Utilities (-1.3k); and
- Manufacturing (-1k) – well documented, long-term trends.

"The Employment Report for May was soft in several respects but not overly concerning. So far, monthly job growth has looked at times too strong followed by months that looked too weak," Drexel remarks. "May falls into the moderately, too weak bucket however, other employment indicators like initial jobless claims, confidence surveys, and supply manager's indexes suggest that the labor market remains healthy. Measures of unemployment have trended to remarkably low levels suggesting that the economy may be at full capacity, yet still, labor force participation, wage growth and unemployment duration metrics indicate that unemployment rates could go below 4.0 percent before the market is tapped out." Drexel further clarifies that this expansion, at almost eight years in length is old (compared to an average expansion of five or six years). He agrees the slow but persistent growth looks to continue for a few more years, albeit at a very measured pace.

"The recent economic data indicates that GDP will continue to expand during 2017 and through 2019 at a better than 2.0 percent but less than 3.0 percent annual rate," states Drexel. "While modest, this will be better compared to recent years." Drexel notes that economic growth will be supported by international expansion, an improving manufacturing sector, consumer/business confidence, housing growth/starts, and corporate profits. Furthermore, he believes that employment growth will continue consistent with an aging expansion and a tightening labor market, averaging around 170,000 positions during 2017. "This moderate job growth will be sufficient to support a growing labor force, a low unemployment rate and, over time, increasing average hourly earnings," Drexel concludes.

Drexel is available for interviews or commentary on the economic and employment impact, and perspectives on the political climate's effect on employment.

### **More About Steven R. Drexel**

Steven R. 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.

### **More About Cornerstone Staffing**

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