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Staffing Solutions



# NEWS ADVISORY

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## Steven Drexel, Staffing Industry Leader and Economist, Shares 2019 Labor Market Outlook

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**Pleasanton, Calif. (Jan. 8, 2019)** — Steven Drexel, [Cornerstone Staffing Solutions](#) president and CEO, shares his 2019 labor market outlook following the Bureau of Labor Statistics' ("BLS") press releases describing The Employment Situation on Jan. 4.

As an economist and seasoned staffing industry professional, Drexel is regularly asked to participate in monthly surveys and discussions that predict key elements of labor market activity.

Drexel says December's Employment Situation Report was an excellent report with much better than expected 312,000 net new jobs and better earnings growth. "These results are very welcome given that economic anxiety had been running high due to the recent 15 percent drop in S&P 500 stock index, signs of slowing global growth, political commotion, tightening monetary policy and softer measures of confidence. The Employment Report's confirmation of accelerating job and earnings growth suggests that the labor market remains strong and consumer spending should support continued economic expansion," he comments.

### 2018 Employment Retrospective

Drexel says the industry data for December was encouraging in that the share of the 258 detailed industries that improved during December was 70 percent up from 61 percent during November and an average of 64 percent during each of the last 12 months. Further he comments that the average workweek improved and, sequentially, employment has grown for a record setting 99 consecutive months.

"In summary, while the BLS Employment Situation Report for December was expected to be solid, the actual results were excellent in all respects. This result indicates that the labor market remains enduringly, and remarkably strong, even accelerating," Drexel says. "The unemployment rate is quite low but reassuringly, relatively stable over the past year. Average hourly earnings are finally showing some real (above inflation) growth. Average weekly hours are trending up as well. Moreover, the labor force is still growing and remarkably, 2018 reported the most expansion in 12 years. These factors along with labor force/employment participation rates and duration of unemployment statistics indicate that the labor market while strong and enduring, is not overheating."

### The Outlook for 2019

Drexel recognizes the broader economy has been more challenged lately. "The stock market is enduring a correction (corrections foreshadow recessions ... but only about half the time), global growth is decelerating, consumer and business confidence has softened, monetary policy is tightening, trade and political tensions remain high," he comments. "This is not necessarily dismal news. The American consumer is

in good shape, a renewed dose of fiscal stimulus (tax cuts and increased federal spending) supports continued growth during 2019, the banks are in good shape and are lending.”

Drexel foresees growth will be slower, and the risks are mounting, but the expansion should continue through 2019. Over the longer term, labor shortages, trade and political tensions, growing government deficits and uneven income distribution loom as potentially serious policy challenges, he states.

Drexel acknowledges that the current expansion has endured now into its tenth year (compared to an average expansion of five or six years). This is likely the pay-back for suffering through the most recent historically severe, financial crisis-induced recession as well as a historically slow-growth recovery. “Expect jobs growth during 2019 to average around 170,000 positions per month while the unemployment rate trends down to around 3.5 percent by year-end. The near-term risk of recession is creeping up to around 20 percent but remains low given the absence of any critically growing imbalances or a looming financial shock.”

### **More About Cornerstone Staffing**

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