



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

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Pleasanton, Calif. (August 30, 2016) — With the release of the US Bureau of Labor Statistics August 2016 employment data on Friday September 2, 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 August's activity to indicate that the labor market expanded by 180,000 jobs and the unemployment rate will decline by a tick to 4.8 percent," comments Drexel. "In broad terms, I'm calling for August's report to confirm that the labor market is healthy, but not as robust as suggested by the job growth during June and July. My prediction is that we will get confirmation that the labor market remains healthy with a moderate path of growth."

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

- The Conference Board's survey differential between "jobs plentiful" versus "jobs hard to get" improved to a net +2.6 during August as more respondents found "jobs plentiful". This was the highest positive differential since the recovery began.
- Initial Jobless Claims remained at low levels during August although they drifted up a bit when compared to July. This is notably true during the reference weeks from which the BLS draws its survey. This data series addresses layoffs, which have remained at low levels. The pace of hiring is better illuminated by the Jobs Opening and Labor Turnover survey which provides more insight but is reported with a one-month lag.
- The American Staffing Association's Monthly Employment Index improved slightly by just a little more than 2 points in August compared to July during the BLS survey reference weeks, suggesting that job growth will remain strong or improve.

- The private employment surveys Drexel participates in continued to suggest growth during August at a faster pace than May or June, there is broad agreement around the difficulty in finding qualified applicants and accelerating growth in pay rates.

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

- The Wall Street Journal's August Economic Survey of 72 leading economists indicated that respondents' expectations for employment growth for the balance of 2016 was basically unchanged during August.
- Regional Federal Reserve surveys of activity in their districts were mixed or down during August. The results were varied and a bit more positive with respect to the service sector, but on balance these indicators did not suggest that August was stronger.

Drexel also offers thoughts on what some of the non-employment specific indicators suggest. "The Gross Domestic Product ("GDP") report was disappointing for both the first and second quarters indicating a scant 1 percent growth during the first half of 2016. The third quarter looks stronger in the 2.5 to 3.5 percent range. Consumers are more optimistic and are driving growth. Foreign trade, inventories and business investment are improving during the third quarter as well. The Conference Board Consumer Confidence Index during August was particularly strong. Personal Income and Personal Spending are two important metrics that were improving during the summer. The Index of Leading Indicators was encouraging during the last two consecutive monthly reports. Industrial Production improved during the two most recent months and was stronger than expected but the manufacturing sector continues to face challenges. On balance, the broader non-employment indicators point to better growth during the second half of 2016, a welcome improvement from the surprisingly soft first half."

Drexel still supports the notion of "steady and gradually improving" to be the best description of the outlook although the operative word is gradual or moderate. Drexel goes on to say that employment growth spiked up during June and July but is expected to "regress to the mean" during the second half of 2016 given that monthly increases above 200,000 jobs are just not sustainable given the low level of unemployment and moderate overall growth. Expect jobs growth during the remainder of 2016 to average about 170,000 net new jobs per month while the unemployment rate trends sideways or slightly down for the remainder of the year. The risk of recession remains low and declining.

"Employment growth as measured by the BLS slowed notably during the first half of 2016, as did GDP. Employment growth was remarkably strong during June and July. August will carry some of that momentum but future months will moderate further. In as much as the unemployment rate remains low while wage pressure is building, we should expect continued labor shortages," Drexel concludes.

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