



Cornerstone
Staffing Solutions



NEWS ADVISORY

Steven Drexel, Cornerstone Staffing Solutions President/CEO, Shares Labor Market Observations in Advance of August's BLS Employment Situation Release

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Pleasanton, Calif. (Sept. 6, 2018) — Steven Drexel, [Cornerstone Staffing Solutions](#) president and CEO, shares his August 2018 labor observations in advance of the Sept. 7 Bureau of Labor Statistics' ("BLS") press releases describing The Employment Situation.

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, "The general economy is in the prime phase of its cycle with the consumer, corporate and government sectors each firing on all cylinders. This is about as good as it gets before the labor market runs dry and inflation heats up typically leading to the end of the expansion. The headline net job growth number for August should register another strong 190,000 positions. This would be stronger than July's growth rate but generally on par with the average rate of growth for the past 12 months." Drexel also believes the unemployment rate will decline to 3.8 percent. "This would keep the unemployment rate in the range it has been hovering around for the last ten months. It is not surprising that after 94 months of employment growth the unemployment rate is exceptionally low. It is encouraging to note the rate has been relatively stable at close to this level for some time suggesting that the labor force is keeping pace with demand rather than running dry or overheating."

Drexel goes on to mention the change in average hourly earnings has become a 'headline number of interest' because it has a big influence on general inflation and provides further insight into the availability of labor needed to sustain the expansion. "I expect that the change in average hourly earnings will move up to 2.8 percent during August. This would be consistent with a gradually tightening labor market and gradually increasing price pressure," he explains

The Employment Situation Report, due out this Friday, is an important and revealing piece of the broader economic picture. "This month the relevant question is, can the good times last or are we approaching an inflection point?", he comments.

Drexel points to the following employment related economic indicators that suggest August's report will remain strong or improve:

- Initial unemployment claims stabilized during August at historically low rates. Continuing unemployment claims decreased during August as compared to July suggesting that the unemployed had less difficulty getting back to work during August;

- The Conference Board's Consumer Confidence Index improved dramatically during August to an 18-year high. Further, the differential between "jobs plentiful" versus "jobs hard to get" also increased to a remarkably impressive 30.0 percent;
- The Institute for Supply Management's Manufacturing Index was stronger than expected in August and the Employment sub-index improved to the highest level in six months;
- The National Federation of Independent Business' Small Business Survey indicated that a net 23 percent of their members have plans to increase employment up from 20 percent during the previous month;
- Federal Reserve Bank Manufacturing Surveys published by the Dallas and Richmond districts reported improving or otherwise positive employment conditions during August; and
- The American Staffing Association's Staffing Index improved during August compared to July continuing a seven-month positive trend and reaching a record peak since its 2006 inception.

Additionally, the private surveys Drexel participates in report continuing strength in the labor market with stronger demand and higher wages.

Conversely, Drexel provides the following indicators that suggest August's report might be softer:

- Federal Reserve Bank Manufacturing Survey published by the Philadelphia, Kansas City and New York districts reported weaker employment conditions during August; and
- The Wall Street Journal Forecasting Survey for August predicted a rate of employment growth which is softer than what was reported during July and below longer-term trends.

Drexel states Gross Domestic Product (GDP) growth at 4.2 percent during the second quarter is one of the fastest rates of the cycle which is remarkable this deep into an expansion. "Indicators released during July and August suggest that the economy during the third quarter remains strong. Retail sales, business and consumer confidence, the stock market and initial jobless claims have all proven very resilient," he comments. "The economy is still benefiting from tax cuts and increased government spending so there is plenty of momentum and fiscal stimulus pushing continued growth forward through the end of 2018 as well as 2019. Only about a quarter of the recent economic releases have fallen short of expectations."

"Expect job growth during 2018 to remain strong while the unemployment rate drifts down closer to 3.6 percent by year-end. The near-term risk of recession remains low given the absence of any signs of critical imbalances or a looming financial bubble," he declares.

More About Cornerstone Staffing

Cornerstone Staffing Solutions is among the largest staffing firms in America and received Inavero's Best of Staffing® Client Award in 2016, 2017 and 2018. Since 2003, Cornerstone has grown from a neighborhood staffing provider to a national firm that employs thousands of people at hundreds of companies from coast to coast, including: California – San Francisco, Oakland, Sacramento and Los Angeles metropolitan areas; central Michigan; New Jersey; Maryland; and Las Vegas, Nev. The Cornerstone family of companies also includes Dallas, Texas-based Rightstone (www.rightstone.com), and Chicago, Illinois-based Arlington Resources, Inc. (www.arlingtonresources.com) and Casey Accounting & Finance Resources (www.caseyresources.com). Providing candidate searching and job placement for administrative, industrial, technical, sales and transportation positions, Cornerstone truly is where talent and jobs meet. Visit Cornerstone at: <http://www.cornerstone-staffing.com>.

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