

Professional Staffing workplace economy

September 2011

Jobs report summary for the professional and business services industry

Based on the BLS report with August 2011 data

Prior to the Bureau of Labor Statistics' release of August's "The Employment Situation," many nationwide economists were generally optimistic that there would be some level of growth. Some believed that, although the nation's unemployment rate would likely remain at 9.1 percent, roughly 60,000 to 67,000 jobs would be created in August. Of course, no one could have possibly foreseen what actually transpired.

Contrary to economists' expectations, the economy's job growth came to a stop, as the United States government reported a monthly net job change of zero for the first time since World War II. This historical, uncharacteristic job stagnation was attributed to three underlying factors — the nation's recent loss of its Standard and Poor's triple-A credit rating,

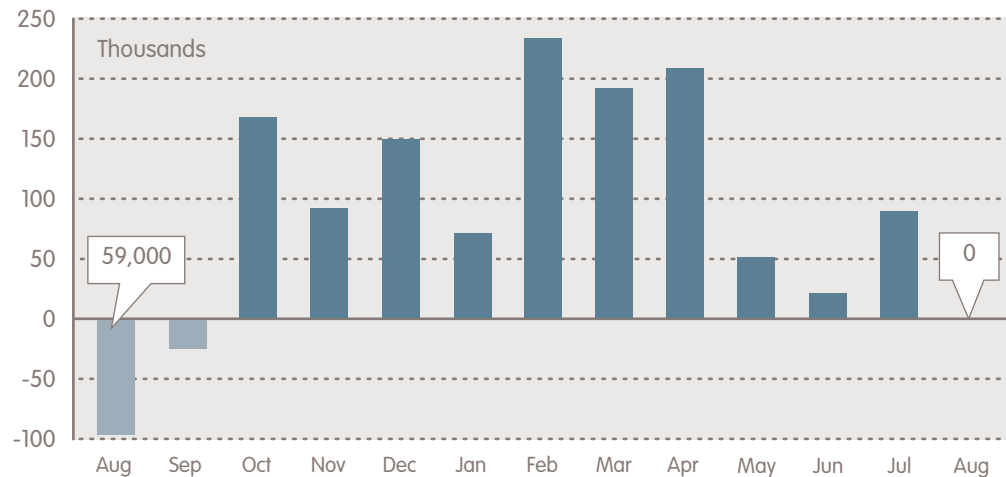
inconsistent stock market figures, and incessant European debt, leading to a deficiency of trade and commerce amongst Europe and the United States. Although the private sector added 17,000 jobs, an equal loss from the public sector leveled this number out.

Despite the lack of job growth, the nation's unemployment rate remained unchanged at 9.1 percent. At the same time, the employment-to-population ratio slightly increased from 58.1 percent in July to 58.2 percent in August, while the civilian labor force participation rate, the percentage of the population's working age individuals who are currently working, remains around 64 percent. The normal rate has typically hovered around 66 or 67 percent throughout the last two decades.

Of equal importance, 8.8 million workers are still employed part-time for economic reasons. In the meantime, 2.6 million individuals are marginally attached to the labor force as they are available

Government job losses lead to net job growth of zero payrolls

Monthly payrolls



Seasonally adjusted. Source: Labor Department as seen on CNNMoney.com

for work, but have not searched for jobs in the last four weeks. Additionally, the average workweek for all employed individuals continued to decline (from 34.3 hours in July to 34.2 hours in August); the average hourly earnings for all employed professionals also decreased (from \$23.12 to \$23.09).

As the Obama Administration strives to create new stimulus packages to improve the economy and foster future job growth, one final statistic stands out. The employment diffusion index, an indicator of job creation, is now 52.2 percent. Although this percentage is much lower than it has been in recent years, it is still high enough to indicate that job generation is still achievable.

Such statistics show that the administration, as well as millions of employers and employees, faces a long, challenging road towards economic recovery. Yet, through the proper utilization of financial resources, the nation can ultimately secure a strong, steady economic future once

again, much like it had enjoyed prior to the beginning of the recession.

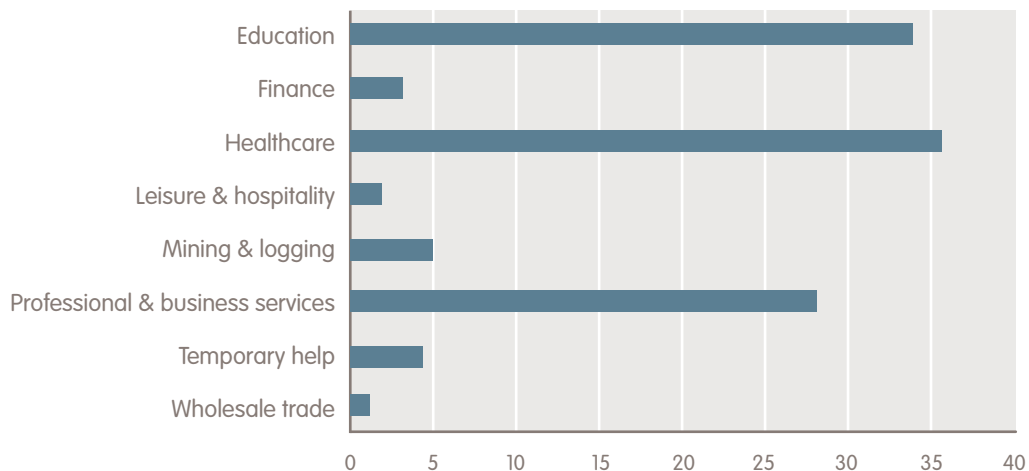
Quite simply, nationwide hiring was stagnant in August as only a few industries, including healthcare and mining, reported job growth, while numerous other industries, which had recently been hiring, accounted for significant job losses.

The following BLS findings were recently issued to the American public regarding a wide array of sectors:

- **Professional and business services:** Employment in temporary help services increased by 5,000 throughout the month, while computer systems design and other associated services generated approximately 8,000 new jobs. Administrative and support services jobs also increased by 12,000.
- **Healthcare:** Throughout July, the healthcare industry, as a whole, continued to hire at a regular pace with 30,000 new jobs. Ambulatory health

Unemployment by selected industries

Changes from July - August 2011, in thousands



Source: BLS

care services and hospitals hired 18,000 and 8,000 medical professionals, leading the sector in growth.

- **Information:** Approximately 48,000 professionals lost their positions in August. Interestingly, 45,000 of these individuals were on strike from Verizon and were not included during the month's company payrolls; each of these workers eventually returned to the company, but still affected August's jobs report findings.
- **Manufacturing:** Employment in the manufacturing industry decreased by 3,000 in August, following steady growth throughout the first seven months of 2011.

Our insights

According to the White House's recent budget office's forecast, the national unemployment rate will likely not be lower than six percent until 2017. At the same time, many economists have projected the economy will add roughly 110,000 jobs each month until the end of the year and that the unemployment rate is expected to remain around 8.9 percent until at least the beginning of 2012.

Job growth is also currently net negative in comparison to population growth and will likely not change throughout the coming months. Still, most economists believe a double-dip recession will ultimately be avoided as national industrial production continues to increase and consumer spending remains high in many regions of the country.

To alleviate America's current economic issues, many economists believe President Obama will renew the national payroll tax cut, while also further extending benefits for the country's unemployed citizens. Moody's Analytics has also projected that monthly payroll employment gains will not be greater than 200,000 until at least 2013, while the unemployment rate will continue to hover around nine percent for at least the next year.

So what does this mean to the nation and its millions of employed — and unemployed — workers? Despite momentary employment increases in recent months, the harsh reality is the economy will likely not return to pre-recession employment figures until at least late 2014 or early 2015. Consequently, millions of Americans will only be able to sit back, wait, and watch as recovery slowly continues.

Obama said to seek \$300 billion jobs package

Source: Bloomberg.com

President Obama plans to boost job growth with a \$300 billion stimulus package. Nearly half the stimulus would come from tax cuts. An extension of a payroll tax cut for workers and an extension of expiring job benefits are expected. Experts predict that Obama's plan will have trouble passing the passing the house as many Republicans object to the plan.

For more insights into the job market and how we can help you manage your workforce needs, please contact your local Ajilon Professional Staffing Representative today.