

How to Make Sense of this Job Market - What is holding it back?

By Joanie Courtney, President RemX

Last Friday brought better news for the job market as the BLS released its April report. The US added 211,000 jobs to the economy and unemployment dropped slightly to 4.4%. The job growth in April was primarily in the healthcare, leisure and hospitality, financial and mining sectors. In April, leisure and hospitality added 55,000 jobs, healthcare gained 37,000 and the financial industry grew by 19,000 jobs. In addition, the professional and business services sector continued to trend up in April, adding 39,000 jobs, bringing its total jobs gained over the past 12 months to 612,000. Employment in other major industries, including construction, manufacturing, wholesale trade, retail trade, transportation and warehousing, information, and government showed little change over the month.



The April report brought a sigh of relief after the March BLS Job Situation report surprised and maybe even shocked some economists who were predicting 180,000 jobs to be created. Unfortunately, the US economy only created 98,000 jobs for the month of March. The March report had substantial losses in the retail sector which continued to shed jobs due to the increase in consumer online shopping and spending.

Temporary job growth continued to be a bright spot with over 30,000 jobs created over the last 3 months. This points to employers continuing to look for flexibility in their workforce which could mean some economic uncertainty. Temporary help services also marked a new milestone with over 3,000,000 jobs in April and 3.9% growth year-over-year. Temporary help's market share also hit a new high at 2.06% of the total workforce.

Overall, the April job report was solid with wide spread growth in most sectors. Average hourly earnings for employees on private nonfarm payrolls increased by 7 cents to \$26.19. Over the past year, average hourly earnings have risen 2.5%. However, one concern is labor participation continues to hover at a 40-year low at 62.9%. The US continues to struggle with people participating in the workforce but hopefully with improved job market conditions and increased wages, we will see people feel more optimistic about joining the workforce.

So how do you make sense of all these numbers and determine if we are in a good job market or not?

We began the New Year with an increase in consumer and business confidence but these numbers showed there still may be some cautiousness in the job market. Employers seem optimistic with plans to hire as we have seen job postings at an all-time high. This indicates plans to hire, however, what is holding them back from adding to their payrolls? I have a few theories on the lack luster hiring and it could be due to a combination of the three.

My first theory is we still have some economic uncertainty. Some employers are in a "wait and see" mode with Healthcare reform, tax reform, and other major economic and regulatory policy changes. Until we see some definitive changes, we will most likely see employers hire cautiously and continue to use temporary help when possible.

My second theory is that there is the lack of skilled talent to meet the demand in the workplace. We see from the JOLTS report that the jobs are out there but employers can't find the skilled and experienced talent to meet their needs.

My third and last theory is about labor participation and lack of wage growth. If wages start to move, people will jump back into the workforce and we will begin to close the gap in unfilled jobs.

All that being said, it is likely a combination of all of the above factors impacting the US job market and only time will tell if we can start to move the needle in the right direction and get more people back to work.

Year-over-Year Labor Force Participation Rate



Labor Force Participation

The April labor force participation ticked down slightly to 62.9% from 63% in March. It continues to stay at a 40-year low.

Signs of Optimism:

- About ½ of drop attributed to Boomer retirements
- Other ½ from cyclical factors tied to recession
- Workers discouraged from even looking for work

BLS Trends to Watch

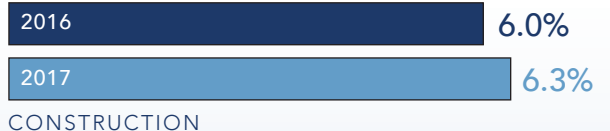
Manufacturing & Construction Employment

The manufacturing and construction sectors each gained 6,000 and 5,000 jobs respectively in April. In addition, the Institute for Supply Management (ISM) Index also eased to 54.8 from March's 57.2. However, readings above 50 indicate expansion. Meanwhile, construction employment expanded 2.6% on a yearly basis, well above the year-over-year growth rate for all nonfarm industries.

Points of Interest:

- Factory employment gauge retreated to 52 from 58.9 the prior month
- Measure of orders dropped to 57.5 in April from 64.5
- Even with the retreat, the gauge remains well above the 51.5 average for 2016
- Manufacturing is settling into a more sustained pace of growth
- Nonresidential construction added 3,200 new jobs, while residential added just 900

Unemployment Rates by Industry



BLS Trends to Watch

Average Hourly Earnings for
All Private Employees



Wage & Earnings Growth

Wage growth in April slowed down from its pace earlier in the year, rising at 2.5% annually to an hourly average of \$26.19. That's below the 3 or 4 percent growth typically seen in prior recoveries. In addition, the average hourly wage grew by 0.3 percent.

Points of Interest:

- In 2016, average hourly earnings grew in a range of 2.2% to 2.6% year-over-year.
- December 2016 saw average hourly earnings hit post-recession high of 2.9%.
- April's wage growth fell below economists' expectations of 2.7% and below the 2.7% rate in March.
- According to Glassdoor, the annual median base pay in the U.S. grew 2.7% year-over-year in April 2017 to \$51,350.

RemX Makes a Difference in People's Lives

One of the things that I love most about being in the staffing industry is the difference we make in people's lives. Whether it is helping someone get their first job, giving someone a big step up in their career or supporting someone as they jump back into the workforce, we help people improve their lives and help them provide for their families. At RemX, we have the privilege of connecting the best companies with top talent. Our teams across the country make a difference in our associates' lives every day, and they make a difference for our customers.

As part of our culture, we strive to deliver an exceptional experience in all we do, but this week our Orlando team took it to a whole new level! They wanted to reach out to their community and do something extra-ordinary — and they did. The RemX Orlando team spent the morning serving breakfast to more than 500 people at Give Kids the World Village. Give Kids the World Village is a 79-acre, nonprofit resort in Central Florida that provides weeklong, cost-free vacations to children with life-threatening illnesses and their families. It was a chance for the Orlando team to come together, volunteer and give back to some truly special children. Just as we are honored to serve our customers and candidates, we were honored and humbled to serve those amazing and deserving children and their families.



Associate of the Year

Honoring Our Associate of the Year - Michele Quarton

Michele joined RemX in October of 2014 as a part-time associate to assist with our Dallas/Fort Worth convention services team and short term retail client assignments. Since that time, Michele has assisted with over 25 assignments. She enjoyed working the part-time assignments because her husband, Charles, a 10-year colon cancer survivor, had become ill, so our short term assignments were just right to fit with their personal schedules. Around February of 2016, due to financial concerns, Michele needed to start looking for full-time work. RemX had just the assignment, close to her home and matched to her personality.



In March of 2016, she accepted the position with our client, Joerns Healthcare, as the front desk receptionist. Joerns has been very accommodating when Michele needs to take time off for her husband's medical needs. However, other than those appointments, Michele never missed a day on this assignment.

In June of 2016, Michele lost her husband. Yet, despite how difficult the death of a spouse can be, Michele only took off one week and then was right back at the front desk. What makes this situation so unique, is how Michele handled her husband's illness while working. Her attendance was absolutely fantastic. She never allowed her personal struggles to affect her while she was at work. She has always been willing to go above and beyond for the client. Michele represents RemX in the best possible way every day. [Click here](#) to see more of Michele's inspiring story.