

EMPLOYMENT GAINS POINT TO POSITIVE GROWTH AHEAD

April's subpar gain in payroll employment is expected to be the last employment report significantly influenced by the "pull forward" of economic activity from a mild winter. While the employment reports in March and April were not significantly different, reports for May and the months to follow should display firm fundamentals.

The Bureau of Labor Statistics (BLS) reported a gain of 115,000 jobs in April, below the consensus expectations of 163,000, while the unemployment rate declined slightly to 8.1 percent from March's 8.2 percent. Additionally, the unemployment rate for college educated professionals declined to four percent – the lowest mark since 2008.

At this point in the business cycle, the birth/death adjustment perhaps underestimates "true" job growth accounting for much of the conflict between healthy gains in retail sales, poor income growth and a falling savings rate. Additional job growth implies further income growth and a higher savings rate. From this report, estimations show personal income likely rose just 0.2 percent in April and industrial production advanced 0.5 percent.

Meanwhile, temporary jobs (seasonally adjusted) rose 8.7 percent year over year, accelerating from last month's growth of 7.7 percent year over year. **This appears to indicate a permanent shift in employers' desire to leverage temporary workers**, while the temporary penetration rate (temporary workers as a percentage of the total workforce) also increased to 1.88 percent. While this figure is at its highest level since August 2007, both previous peaks in 2000 and 2005 were driven by substantial business drivers – Y2K and SOX.

U.S. companies in March posted the highest number of job openings in nearly four years, a sign that hiring could strengthen in the coming months after slowing this spring. The Labor Department said that employers advertised 3.74 million job openings in March. That's up from a revised 3.57 million in February. The March figure was the highest since July 2008, just before the financial crisis erupted that fall.

The increase in job openings suggests that weaker hiring gains in March and April could be temporary. It usually takes one to three months for employers to fill openings.

CURRENT LABOR INDICATORS

- Total Unemployment: 8.1%
- College Educated Unemployment: 4.0%
- Total Job Loss/Gain: +115,000
- Temporary Penetration Rate: 1.88%

ABOUT THE AUTHOR

As Chief Corporate Development Officer at Kforce, Michael Blackman, a twenty year Kforce veteran, is the primary focal point for the Firm with the Wall Street investment and financial communities. He is regularly sought out by leading economists for his perspectives on the economy and labor markets, and contributes to a number of key proprietary economic publications.



Michael Blackman
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From the Client

"We are in 'The War for Talent III' and our team is increasingly looking to secure the highly skilled people we will need going forward."

- Kforce Client in Northeast