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Labor Forecast Predicts a 3.8% Decrease in Demand for Temporary Workers In 2010 First Quarter

- - Industry Consulting Firm G. Palmer & Associates' Quarterly Forecast Assists in Previewing Near-Term Hiring Patterns - -

Newport Beach, Calif., January 14, 2010 — Demand for temporary workers in the United States is expected to decrease 3.8% on a seasonally adjusted basis for the 2010 first quarter over the same period in 2009, according to the Palmer Forecast™, released today.

The Palmer Forecast™ indicated a 13.7% decline in temporary help for the just-ended 2009 fourth quarter, which actually came in at a 12.8% decline—slightly less than anticipated, primarily because of the lower than expected unemployment figures and solid GDP growth.

"Our 2010 first quarter forecast, as expected, shows improvement, but will likely produce a slight decrease in demand for temporary workers, marking twelve consecutive quarters of declines," said Greg Palmer, founder and chief executive officer of G. Palmer & Associates, an Orange County, Calif.-based staffing industry consulting firm. "Despite yet another decline, labor markets are showing early signs of improvement. The narrowing year-over-year declines are quite meaningful when compared with temp labor declines as high as 28.4% in April and 23.5% as of September," Palmer added.

The Bureau of Labor Statistics (BLS) reported that seasonally adjusted temp jobs fell 7% year-over-year in December. Temp jobs, seasonally adjusted however, were up 2.5% sequentially from November, 3% November vs. October, and 2.5% September vs. August. Palmer said this trend is an encouraging early sign of rebound in the labor markets, since December was the third consecutive month of positive sequential gains, which represented the creation of 146,000 temp jobs added to the economy in the quarter.

The unemployment rate remained flat at 10.0% in December, which is the highest jobless rate since June 1983. Palmer said this is a somewhat misleading statistic, since many workers simply stopped looking for work in the month and are no longer counted in the numbers. The Labor

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Department report also indicated that 85,000 non-farm jobs were eliminated in December, up from the November revised gains of 4,000.

"Though these losses are significant, it's important to remember that full-time job creation is a lagging economic indicator," Palmer said. "The change in the direction of sequential declines in temporary help is considered to be a positive early sign of an improving labor market, since temporary help, which historically is the first job category to improve at the beginning of an expansion, is beginning to see marked improvement. We are also expecting certain categories such as Industrial Staffing to show modest year-over-year gains in the 2010 first quarter, while Professional Staffing, which historically lags, will remain somewhat softer in the quarter."

Palmer said the high unemployment rates during this recession have had wide-reaching effects across a broad spectrum of workers. As reported by the BLS, workers with college degrees experienced a slight increase in their unemployment rate in December to 5.0 % vs. 4.9% in November. The unemployment rate for workers with less than high school degrees during the same period increased slightly to 15.3% in December from 15.0% in November. The U6 unemployment rate, which tracks those who are unemployed, as well as those who are underemployed and are working part time for economic reasons, was up slightly at 17.3%. The U6 rate is considered the rate that most broadly depicts those most affected by the downturn and measures the rate of discouraged workers.

The next few quarters…

"We expect to see the unemployment rate continue to remain high for the foreseeable future," Palmer said. "At the same time, we believe that temp help job losses reached the bottom in the third quarter of 2009, as evidenced by the gains in the 2009 fourth quarter, and we expect the trend will continue to improve from this point forward. As in our forecast for the 2009 fourth quarter, we still expect that temp jobs will turn positive from a year-over-year perspective by the second quarter of 2010. These views are predicated on generally anticipated continued GDP improvement," Palmer added.

The Palmer Forecast™ is based, in part, on BLS and other key indicators. The model was initially developed by The A. Gary Anderson Center for Economic Research at Chapman University and serves as an indicator of economic activity. Companies that employ temporary staff use the forecast as a guide to navigate through fluctuating economic conditions in managing their workforce to meet business demands.

About G. Palmer & Associates

G. Palmer & Associates, founded in 2006, advises companies in the human capital sector with sales, operations and margin enhancement, and to explore strategic alternatives for increasing shareholder value. Founder Greg Palmer has served on the board of the American Staffing Association and was president and chief executive officer of RemedyTemp, Inc., one of the nation's largest temporary staffing companies, prior to its sale in June 2006. For more information, visit www.GPalmerandAssociates.com .

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