



NEWS RELEASE

Contact: Roger S. Pondel/Judy Lin Sfetcu
Pondel Wilkinson Inc.
310.279.5980

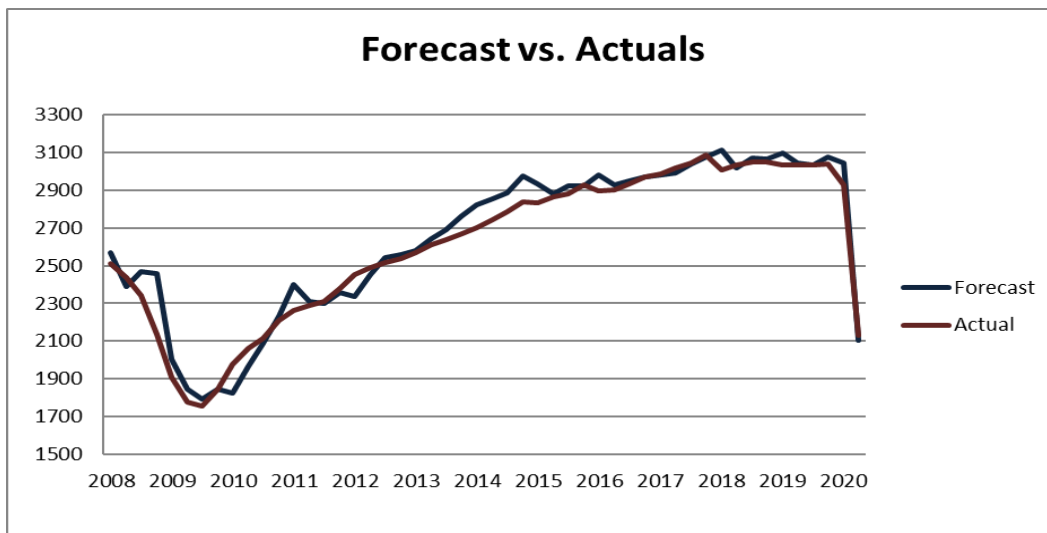
Philip Boronow, Analyst
G. Palmer & Associates
949.201.7296
www.GPalmerandAssociates.com

Labor Forecast Predicts 15.6% Decrease in Demand for Temporary Workers for 2020 Third Quarter

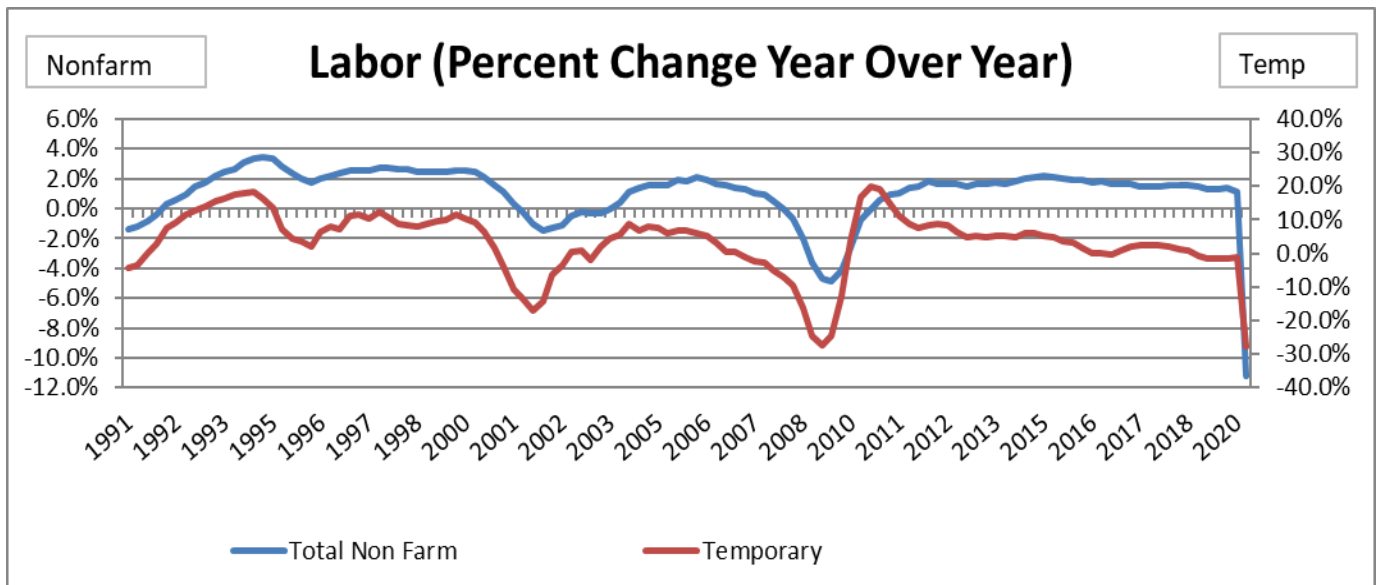
-- Industry Consulting Firm G. Palmer & Associates' Quarterly Forecast Assists in Previewing Near-Term Hiring Patterns --

Newport Beach, California, July 8, 2020, — Demand for temporary workers in the United States is expected to decrease 15.6% on a seasonally adjusted basis for the 2020 third quarter, when compared with the same period in 2019, according to the Palmer Forecast™, released today.

The Palmer Forecast™ indicated a 28.7% decrease in temporary help for the 2020 second quarter. Actual results as reported by the Bureau of Labor Statistics (BLS) came in remarkably close to forecast at a decline of 27.8%. There were 149,000 more temp jobs added in June vs. May, but this still represented a 23.8% year-over-year decline. At the same time, there was a positive 7.1% sequential gain in June vs. May 2020, and the American Staffing Association member survey data reported improving trends, with seven consecutive weeks of sequential gains.



Source: G. Palmer & Associates; Bureau of Labor Statistics (BLS)



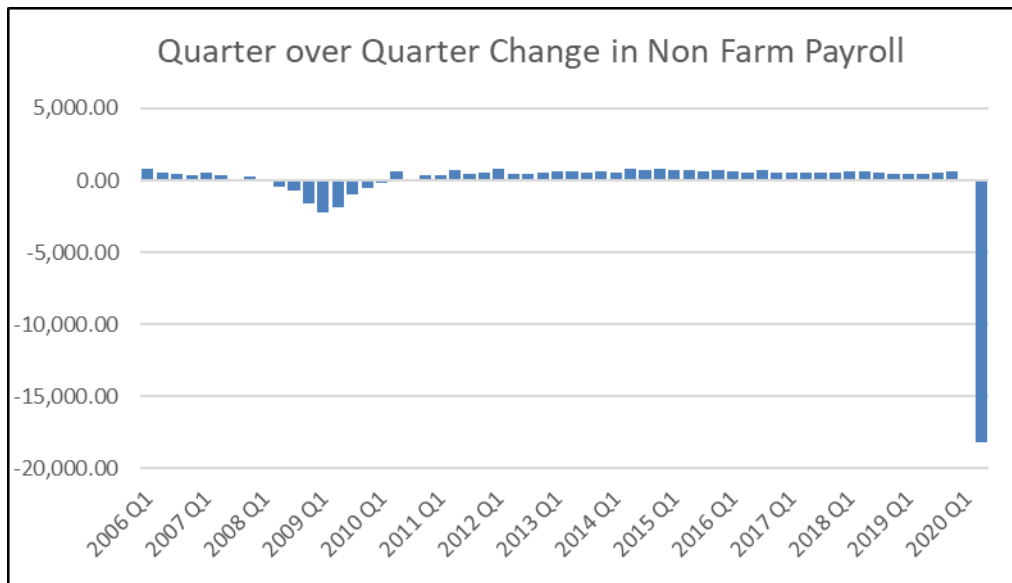
Source: Bureau of Labor Statistics (BLS)

According to the BLS, while 149,000 temp help jobs were added in June, year-to-date, an historic 702,000 temp jobs have been lost so far in 2020. The BLS also reported that, 42,000 temp help jobs were lost in 2019, an average of 3,500 fewer jobs per month. In 2018, more than 99,000 temp help jobs were added vs. 2017, an average of 8,200 per month. Additionally, 96,000 temp jobs were added in 2017 over 2016, an average of 8,000 per month, versus 32,000 temp jobs added in 2016, or an average of 2,600 per month. In 2015, approximately 97,000 temporary jobs were added, compared with 162,000 new temp jobs in 2014, 139,000 in 2013 and 142,000 in 2012.

The Labor Department reported that total nonfarm payroll employment increased by 4.8 million in June 2020, following an increase of 2.7 million in May. These gains reflect a partial resumption of economic activity that had been curtailed due to the coronavirus pandemic in April and March, when employment fell by a total of 22.2 million in the two months combined. In June, nonfarm employment was 14.7 million, or 9.6 percent, lower than its February level. To put this in perspective, there were 176,000 jobs added on average per month in 2019 and 2.1 million total for the year, which was less than the 220,000 added per month in 2018, and 2.6 million total for that year. For 2017, a total of 2.1 million new jobs were created, versus 2.2 million new jobs in 2016.

The key categories of jobs created are as follows:

- **Non-farm jobs: +4,800,000**
- **Hospitality and leisure: +2,100,000**
- **Retail : +740,000**
- **Education and Health Services: +568,000**
- **Manufacturing : +356,000**
- **Professional and business services: +306,000**
- **Construction: +158,000**
- **Temp help Services: +149,000**
- **Government sector: +33,000**

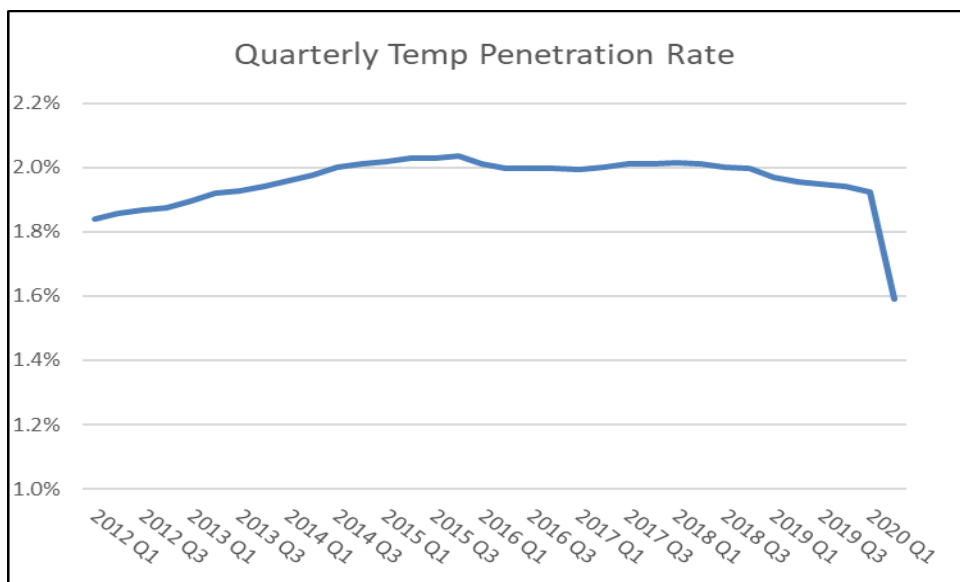


Source: Bureau of Labor Statistics (BLS)

In March 2020, the labor participation rate increased by 70 bps from May to 61.5%, but was 200 bps below February. The U3, commonly referred to as the unemployment rate, declined by 2.2 percentage points to 11.1% in June vs. May, and the number of unemployed persons fell by 3.2 million to 17.8 million. Although unemployment fell in May and June, the jobless rate is still up by 7.6 percentage points with 12.0 million people out of work since February.

As reported by the BLS, the rate of unemployment for workers with college degrees ticked down 50 bps in June vs. May, to 6.9%, and the unemployment rate for workers with less than a high school education decreased 330 bps to 16.6%. 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 down 320 bps to 18% in June vs. May. The U6 rate is considered the rate that most broadly depicts those most affected by the last economic downturn and measures the rate of discouraged workers.

“One of the most revealing indicators to watch is the temp help penetration rate, because it measures temp help as a percentage of total employment. In June 2020, the temp penetration rate increased 50 bps to 1.63% of the total labor market, versus a low of 1.3% in June 2009,” Palmer said.



Source: Bureau of Labor Statistics (BLS)

The next few quarters

“The temp help employment market showed a strong rebound in June,” Palmer added. “However, we need to take a measured approach to future quarters, since the June labor report was completed prior to the recent reported surge in Covid-19 cases.”

About the Palmer Forecast™

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, provides advisory services in the human capital sector. 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.

###