

Business and Information Services

State of the US Staffing Industry report:
December 2023 update

Industry Overview

Tough December for temp employment

Our December 2023 State of the US Staffing Industry Indicator report, which tracks 26 key US staffing industry metrics (see Exhibit 1), points to a softening labor market, exacerbated by ongoing negative business sentiment, and disinflationary wages. Temporary employment data remains especially weak. Notably, BofA's Economics Team is forecasting a soft landing in 2024, but still expect a sluggish employment environment. Softening labor market trends factor into our Underperform rating for ASGN, Robert Half, and ManpowerGroup. Our rating for MAN also factors in concerns regarding European market growth.

KEY US STAFFING METRICS FLASHING: 5 GREEN/ 15 YELLOW/ 6 RED.

Macro indicators: GDP sluggish, PMI still weak ■

Fears of a 2024 recession seem to be in the past, economists are forecasting 2024 GDP expansion, albeit still sluggish growth. As of mid-January, Bloomberg 2024E GDP consensus was up 10bp to +1.3% from a month ago. December's S&P Global US Manufacturing PMI (Purchasing Managers' Index) was 47.4, up from November's 46.7, but the 14th consecutive month below 50.

Business confidence: challenged, but some bright spots ■

December's National Federation of Independent Business' (NFIB) small business outlook for general business conditions was (36)%, better than November's (42)%, but still at historically low levels. 4Q23's CEO economic outlook was 73.9, compared to 3Q23's 72.4. 4Q23's CEO employment outlook was 55.0 vs 3Q's 45.1.

Employment/unemployment: job growth still slowing ■

Employment is still growing, but at a decelerating pace. In December, the NFIB's hiring survey fell 200bp m/m to only 16% of small businesses looking to increase net employment (vs. 18% in November and 17% a year ago). In December, nonfarm payrolls grew +1.75% m/m (+216k new jobs), roughly in line with November's +1.76% y/y but below 2023's 2.33% average growth. December's unemployment remained stable at 3.7% m/m, although it's still near trough levels.

Temporary employment: still deteriorating ▼

December's temporary payrolls fell by 33k jobs m/m, or (6.8)% y/y. This was the eleventh month of y/y declines. 4Q23 temporary payrolls fell 7.4% y/y on average vs. (5.7)% in 3Q23 and (3.3)% in 1H23.

Wages: holding steady, but down from 2022 highs ■

Hourly earnings were +4.1% y/y in December, +10bp from November and (70)bp y/y.

See inside for additional metrics and charts.

17 January 2024

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Timestamp: 17 January 2024 12:30AM EST

Exhibit 1: Tracking US Staffing industry indicators

Sequential trends across the 26 metrics⁽²⁾ we are tracking :11 up, 8 flat, 7 down; y/y trends across these metrics: 2 up, 5 flat, 18 down; compared to y/y Dec 2019 metrics: 13 up, 0 flat, 11 down

			Latest period	Data				Prior period	Latest vs.		
Source	Description	Latest		Prior period	Prior year	Dec. 2019	Prior year		Dec. 2019	Color code	
1) Macro Indicators ■											
2024 GDP forecast	Bloomberg	Bloomberg 2024 US GDP consensus (y/y %)	1/12/24	1.3%	1.2%	1.3%	NA	▲	■	N/A	▲
2025 GDP forecast	Bloomberg	Bloomberg 2025 US GDP consensus (y/y %)	1/12/24	1.7%	1.7%	NA	NA	■	N/A	N/A	■
Purchasing Manager's Index	Institute for Supply Mgmt	PMI Composite Index (SA, 50+ = economic expansion)	Dec-23	47.4	46.7	48.4	47.9	▲	▼	▼	■
2) Business Confidence ■											
CEO economic outlook	Business Roundtable	CEO economic outlook survey diffusion index (50+=expansion)	4Q23	73.9	72.4	73.3	76.7	▲	■	▼	■
CEO employment outlook	Business Roundtable	CEO economic outlook: employment sub-index (50+= expansion)	4Q23	55.0	45.1	60.6	67.1	▲	▼	▼	■
Small business outlook	Natl Fed. of Indep. Business	NFIB outlook for general business conditions (SA, %)	Dec-23	(36)%	(42)%	(51)%	16.0%	▲	▲	▼	▲
3) Employment & Unemployment ■											
Change in nonfarm payrolls	Bureau of Labor Statistics	Change in total nonfarm payrolls (m/m change, SA, 000's)	Dec-23	+216k	+173k	+239k	+102k	▲	▼	▲	▲
Labor participation rate	Bureau of Labor Statistics	Civilian participation rate: 16 year + (SA, %)	Dec-23	62.5%	62.8%	62.3%	63.3%	■	■	▼	■
Unemployment rate	Bureau of Labor Statistics	Civilian unemployment rate: 16 year + (SA, %)	Dec-23	3.7%	3.7%	3.5%	3.6%	■	▼	▼	■
Total jobs openings rate	Bureau of Labor Statistics	Total private sector job openings rate (SA, %)	Nov-23	5.5%	5.5%	6.8%	4.4%	■	▼	▲	■
Small business hiring plan	Natl Fed. of Indep. Business	NFIB: % Planning to increase employment, net (SA, %)	Dec-23	16%	17%	17%	19%	▼	▼	▼	▼
Small business qualified applicants	Natl Fed. of Indep. Business	NFIB: % few or no qualified applicants for job openings (SA, %)	Dec-23	49%	50%	51%	50%	▼	▼	▼	▼
4) Temporary Employment ▼											
Change in temporary payrolls	Bureau of Labor Statistics	Change in temporary help employment (m/m change, SA, 000's)	Dec-23	(33.3)k	(22.1)k	(55.0)k	(15.9)k	▼	▼	▼	▼
Temporary penetration	Bureau of Labor Statistics	Temporary payrolls as % of nonfarm payrolls (SA, %)	Dec-23	1.80%	1.82%	1.97%	1.94%	▼	▼	▼	▼
ASA Staffing index	American Staffing Assoc.	American Staffing Association staffing index (NSA, % y/y chg)	Dec-23	1.7%	1.8%	3.2%	1.3%	■	▼	▲	■
5) Wages ■											
Average hourly earnings	Bureau of Labor Statistics	Avg hrly earnings of private nonfarm employees (SA, y/y % chg)	Dec-23	4.1%	4.0%	4.8%	2.9%	▲	▼	▲	■
Employment cost index	Bureau of Labor Statistics	Employment cost of civilian workers (SA, q/q % change)	3Q23	1.1%	1.0%	1.2%	0.7%	▲	▼	▲	■
Wage growth tracker: low-skill wages	Atlanta Fed	Wage growth tracker: median wage growth, LTM (NSA, y/y % chg)	Dec-23	6.1%	6.1%	6.8%	3.6%	■	▼	▲	■
Wage growth tracker: high-skill wages	Atlanta Fed	Wage growth tracker: median wage growth, LTM (NSA, y/y % chg)	Dec-23	5.8%	5.8%	6.0%	3.7%	■	▼	▲	■
6) Manufacturing ■											
Change in manufacturing payrolls	Bureau of Labor Statistics	Change in manufacturing private payroll employment (SA, 000's)	Dec-23	+6k	+26k	+6k	-14k	▼	■	▲	■
Manufacturing avg. hourly earnings	Bureau of Labor Statistics	Average hourly earnings: manufacturing (SA, y/y change)	Dec-23	5.7%	5.4%	3.7%	3.1%	▲	▲	▲	▲
Avg. weekly manufacturing overtime hours	Bureau of Labor Statistics	Average weekly overtime hours: manufacturing (SA, hours)	Dec-23	2.9	2.9	2.9	3.2	■	■	▼	■
Manufacturing openings rate	Bureau of Labor Statistics	Manufacturing job openings rate (SA, %)	Nov-23	4.0%	4.1%	6.0%	2.8%	▼	▼	▲	▼
7) Professional Services ■											
Change in professional services payroll	Bureau of Labor Statistics	Change in professional services payroll employment (SA, 000's)	Dec-23	+13k	(19)k	+23k	(10)k	▲	▼	▲	▲
Professional services avg hourly earnings	Bureau of Labor Statistics	Avg hrly earnings: professional & business svcs (SA, y/y % change)	Dec-23	4.5%	4.3%	4.9%	3.7%	▲	▼	▲	■
Professional services openings rate	Bureau of Labor Statistics	Professional & business svcs job openings rate (SA, %)	Nov-23	6.5%	6.7%	8.5%	5.4%	▼	▼	▲	▼

▼ Red = Unfavorable

■ Yellow = Mixed/Neutral

▲ Green = Favorable

Source: Bureau of Labor Statistics, National Federation of Independent Business, Atlanta Fed, Business Roundtable, Institute for Supply Management, Bloomberg Finance L.P., IHS Markit, BofA Global Research

The indicator identified as "Tracking US staffing industry" above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark

(1) The red/yellow/green color coding for each individual metric is based on sequential and year-over-year acceleration and deceleration, how that metric compares to 2019 levels, and is also subject to analyst discretion. The coding reflects the analyst's view of the metric at the time of publication

(2) Includes three quarterly metrics

Key: 66% or greater of metrics in category are favorable, overall category= ▲, if between 50% and 66% are favorable or entire category is neutral, overall category = ■, if <50% of metrics are favorable or neutral including some unfavorable rankings, overall category = ▼

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Exhibit 2: US staffing and labor market calendar (includes metrics not in our summary above)⁽²⁾

Latest data points & report timing

Title	Description	Last reported date	Next report date	Timing	Source
GDP forecasts	2022, 2023 and 2024 US GDP economic forecast (y/y %)	1/12/2024	1/13/2024	Daily	Bloomberg
Purchasing Manager's Index	PMI Composite Index (SA, 50+ = economic expansion)	1/4/2024	2/1/2024	Monthly	ismrob.org
Nonfarm payroll	Total nonfarm payrolls (SA, 000's)	1/5/2024	2/2/2024	Monthly	bls.gov
Unemployment rate	Civilian unemployment Rate: 16 year + (SA, %)	1/5/2024	2/2/2024	Monthly	bls.gov
(College-educated)	Unemployment rate for civilians age 25+ with bachelor's degree or higher (SA, %)	1/5/2024	2/2/2024	Monthly	bls.gov
Labor participation rate	Civilian participation rate: 16 year + (SA, %)	1/5/2024	2/2/2024	Monthly	bls.gov
Total private payroll	Total private sector payrolls (SA, 000's)	1/5/2024	2/2/2024	Monthly	bls.gov
Temporary payroll	Temporary help employment (SA, 000's)	1/5/2024	2/2/2024	Monthly	bls.gov
Total industry openings rate	Total private sector job opening rate (SA, %)	1/3/2024	1/30/2024	Monthly	bls.gov
Total industry quits rate	Total private sector quits rate (SA, %)	1/3/2024	1/30/2024	Monthly	bls.gov
Total industry average hourly earnings	Average hourly earnings of all employees on private nonfarm payroll (y/y % change)	1/5/2024	2/2/2024	Monthly	bls.gov
Avg. real earnings	Average real hourly earnings of all employees on private nonfarm payroll (SA, y/y % change)	1/11/2024	2/13/2024	Monthly	bls.gov
Employment cost Index	BLS employment cost civilian workers (SA, q/q % change)	12/15/2023	3/13/2024	Quarterly	bls.gov
Atlanta wage growth tracker	Wage growth tracker: median wage growth, 12-MMA (NSA, y/y % change)	1/10/2024	mid 2/2024	Monthly	atlantafed.org
American Staffing Association index	American Staffing Association staffing index (NSA, y/y change)	12/27/2023	1/24/2024	Monthly ⁽¹⁾	americanstaffing.net
CEO economic outlook (Business Roundtable)	CEO economic outlook survey (+50 = expansion)	12/6/2023	early 3/2024	Quarterly	businessroundtable.org
CEO employment outlook (Business Roundtable)	CEO economic outlook: employment sub-index (50+=expansion)	12/6/2023	early 3/2024	Quarterly	businessroundtable.org
NFIB: % planning to increase employment	NFIB: % planning to increase employment, net (SA, %)	1/9/2024	2/13/2024	Monthly	nfib.com
NFIB: actual employment change	NFIB actual employment changes (SA, net, last 3 months change)	1/9/2024	2/13/2024	Monthly	nfib.com
NFIB: % few or no qualified applicants	NFIB: % few or no qualified applicants for job openings (SA, %)	1/9/2024	2/13/2024	Monthly	nfib.com
NFIB: Small business outlook for general business condition	NFIB outlook for general business conditions (SA, %)	1/9/2024	2/13/2024	Monthly	nfib.com
Manufacturing payroll	Manufacturing private payroll employment (SA, 000's)	1/5/2024	2/2/2024	Monthly	bls.gov
Average hourly earnings (Manufacturing)	Average hourly earnings: manufacturing (SA, y/y change)	1/5/2024	2/2/2024	Monthly	bls.gov
Average weekly overtime hours for (Manufacturing)	Average weekly overtime hours: manufacturing (SA, hours)	1/5/2024	2/2/2024	Monthly	bls.gov
Manufacturing openings rate	Manufacturing job openings rate (SA, %)	1/3/2024	1/30/2024	Monthly	bls.gov
Manufacturing quits rate	Manufacturing quits rate (SA, %)	1/3/2024	1/30/2024	Monthly	bls.gov
Professional services payroll	Professional Services payroll employment (SA, 000's)	1/5/2024	2/2/2024	Monthly	bls.gov
Professional services average hourly earnings	Average hourly earnings: professional & business services (SA, y/y change)	1/5/2024	2/2/2024	Monthly	bls.gov
Professional services openings rate	Professional and business services job openings rate (SA, %)	1/3/2024	1/30/2024	Monthly	bls.gov
Professional services quits rate	Professional and business services quits rate (SA, %)	1/3/2024	1/30/2024	Monthly	bls.gov

Source: BofA Global Research

(1) ASA Staffing Index is published weekly (on a trailing four-week basis), but reports are published monthly. We track the monthly data.

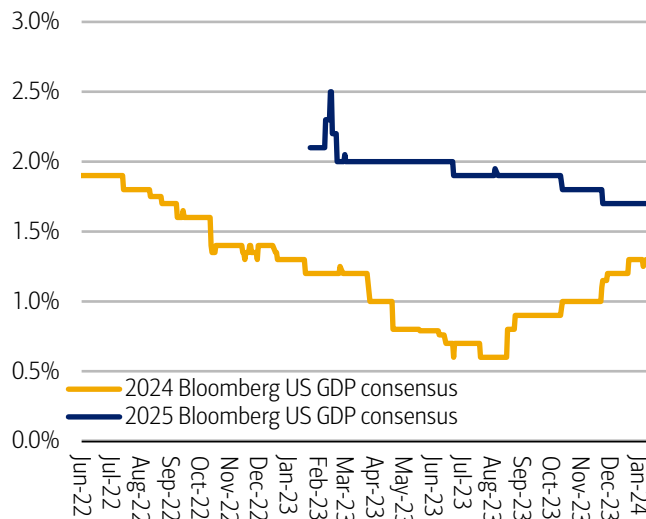
(2) The exhibits in this report include a broader range of labor and economic metrics than summarized in our indicator (Exhibit 1). The additional exhibits are intended to provide a more comprehensive view of the labor market. In our view, the data included in Exhibit 1 are the most relevant to our staffing coverage.*

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GDP and PMI data remain sluggish ww

Exhibit 3: 2024 outlook ticked up very slightly m/m

Sell-side economists forecast 1.3/1.7% 2024/25 GDP, +10/0bp since mid-December



Source: Bloomberg Finance L.P., BofA Global Research

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Exhibit 4: US purchasing manager's index below 50 for 14 consecutive months

December's US PMI rose to 47.4 from November's 46.7



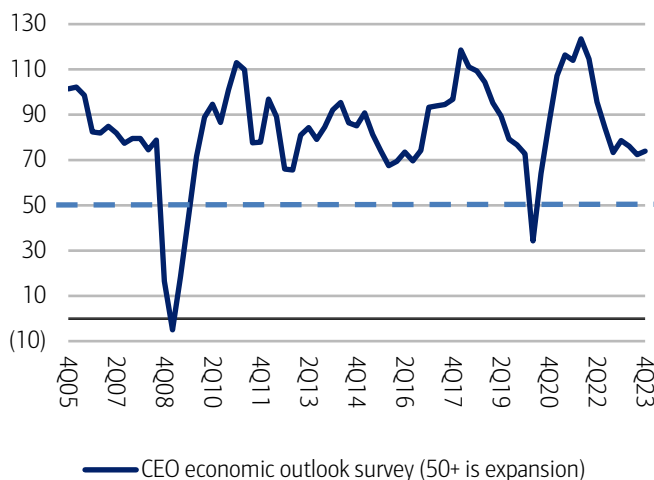
Source: Institute for Supply Management, IHS Markit, Bloomberg Finance L.P., BofA Global Research

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Business confidence weak in 4Q

Exhibit 5: Business roundtable's survey: CEO economic outlook

4Q23 CEO economic outlook rose slightly to 73.9, compared to 3Q23's 72.43

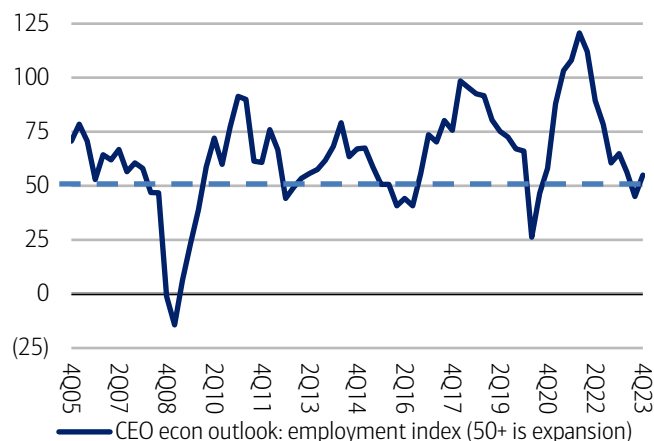


Source: Bloomberg Finance L.P., Business Roundtable, BofA Global Research

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Exhibit 6: Business roundtable's survey: employment sub-index remains below 2022 highs

4Q23 CEO outlook on employment rose to 55.0 (into expansion territory), compared to 45.1 in 3Q23

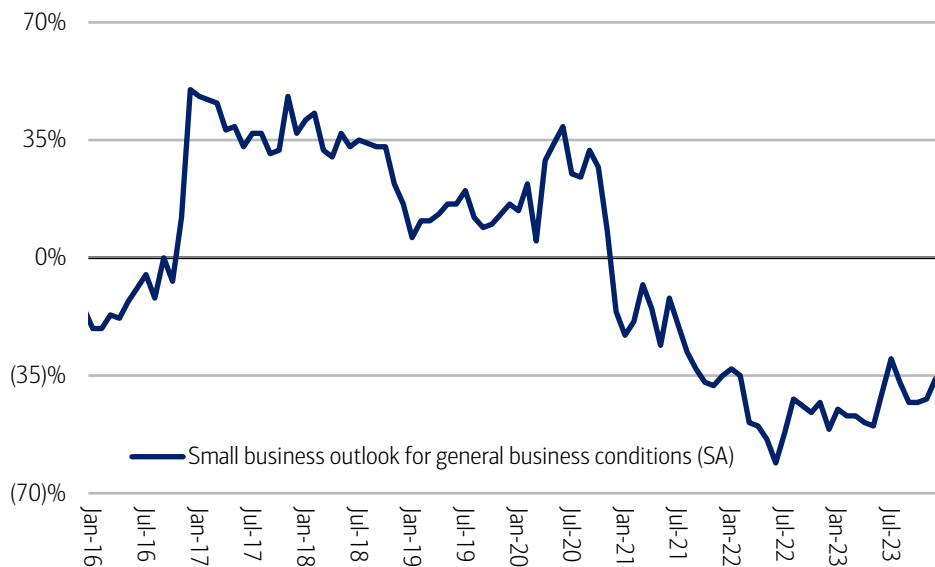


Source: Bloomberg Finance L.P., Business Roundtable, BofA Global Research

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Exhibit 7: December's small business outlook slightly better than in November

Sentiment around business conditions was (36)% in December 2023, vs. (42)% in November and over the last twelve months

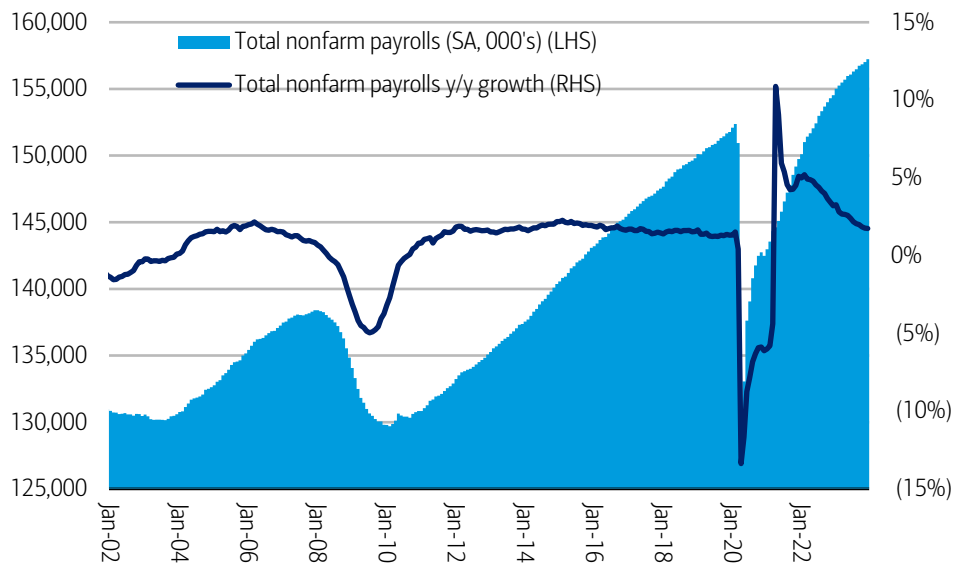


Source: Bloomberg Finance L.P., NFIB, BofA Global Research

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Labor market tight, but slowing**Exhibit 8: Nonfarm payroll still rising, although at a slowing pace**

Nonfarm payrolls rose by 216k jobs m/m (or +1.8% y/y) in December, vs. November's 173k m/m increase (or +1.8% y/y)

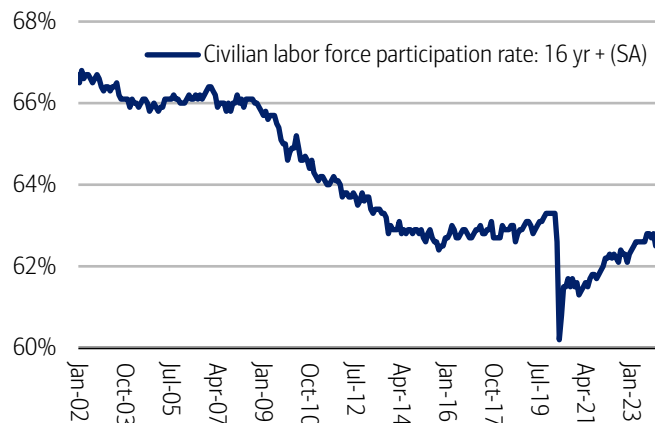


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 9: Labor force participation rate is holding steady

The labor participation rate was 62.5% in December, down very slightly from 62.8% in November

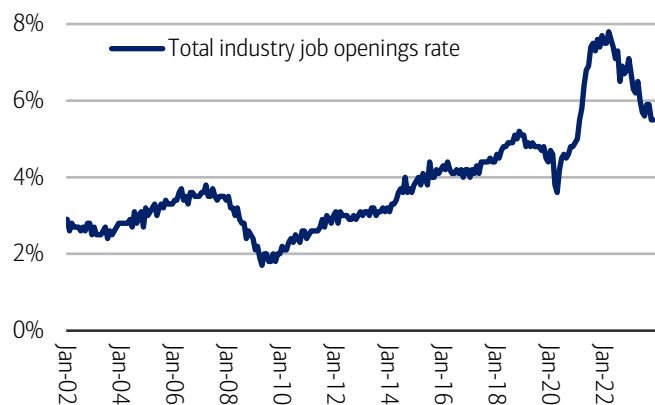


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 11: Total industry job openings have dropped steadily since the March 2022 peak (7.8%)

November's 5.5% job openings rate was in line with October

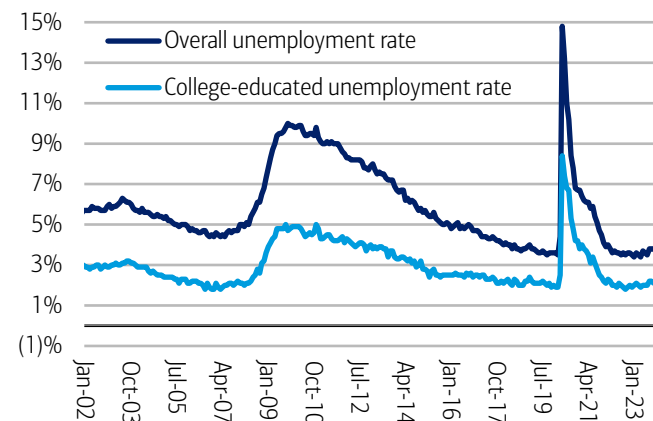


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 10: Total and college-educated unemployment still low

December 2023 total unemployment remained flat m/m at 3.7%

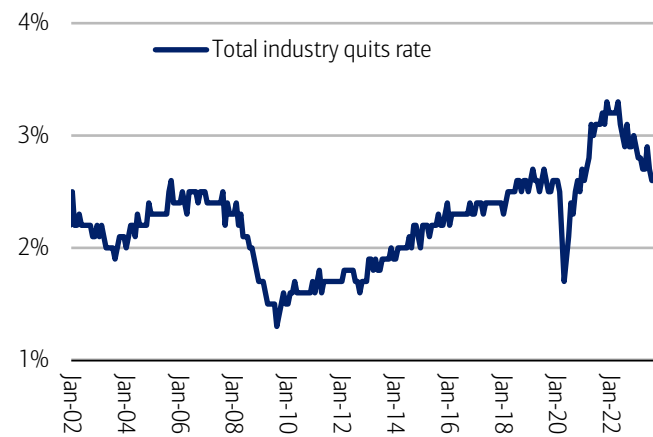


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 12: Total industry quits rate below peak

November's quits rate fell 20bp to 2.4% from October's 2.6%

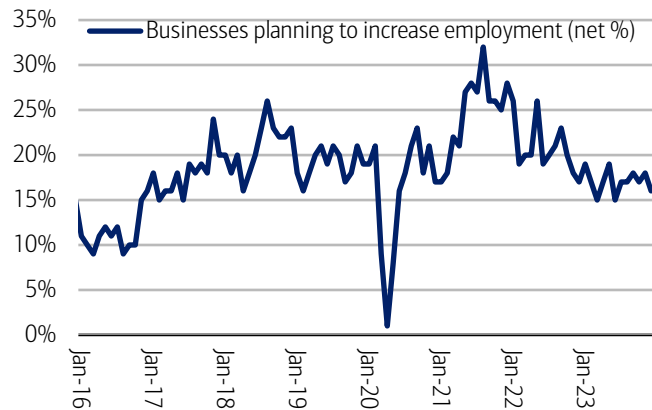


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 13: National Federation of Independent Business' survey hiring index continues to soften

In December, 16% of small business plan to increase employment, 200bp below November's survey

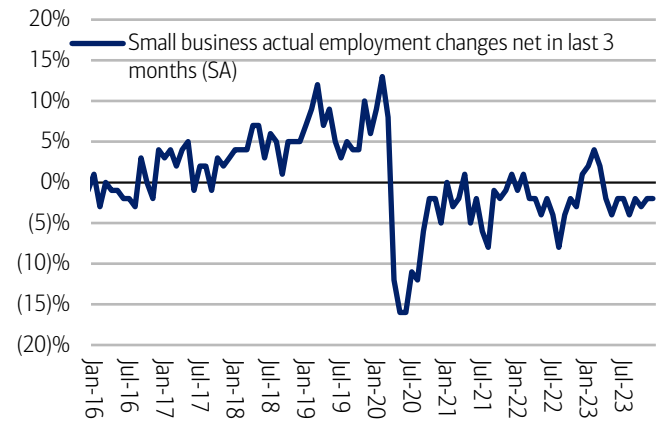


Source: Bloomberg Finance L.P., NFIB, BofA Global Research

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Exhibit 14: Actual hiring by small businesses posted a decline for a ninth consecutive month

Small business net hiring remained steady m/m in December at (2)%

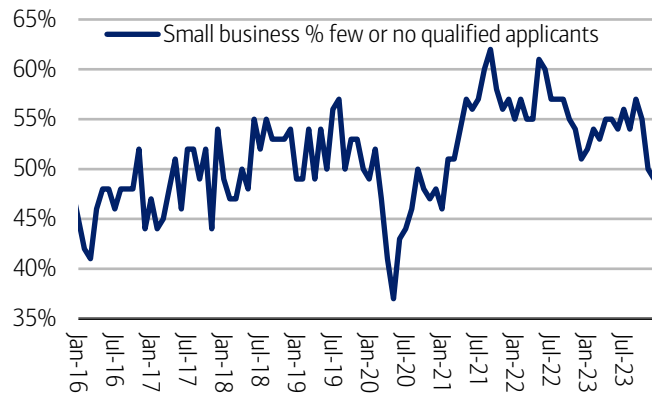


Source: Bloomberg Finance L.P., NFIB, BofA Global Research

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Exhibit 15: It's getting hard to find qualified candidates' according to NFIB's survey

In December, the percent of small businesses with few or no qualified applicants fell to 49% vs. November's 50% and 3Q's 56%



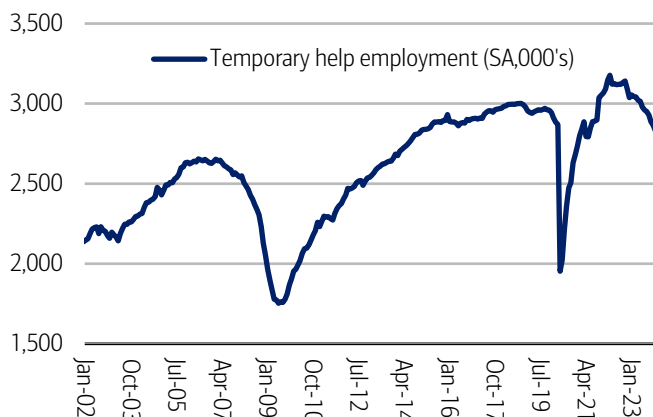
Source: Bloomberg Finance L.P., NFIB, BofA Global Research

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Temporary payrolls still weakening

Exhibit 16: December temporary payrolls continued to decline

Temporary payrolls fell by 33k jobs m/m in December 2023, vs. an 22k decline in November and 25k average decline over the last 6 months

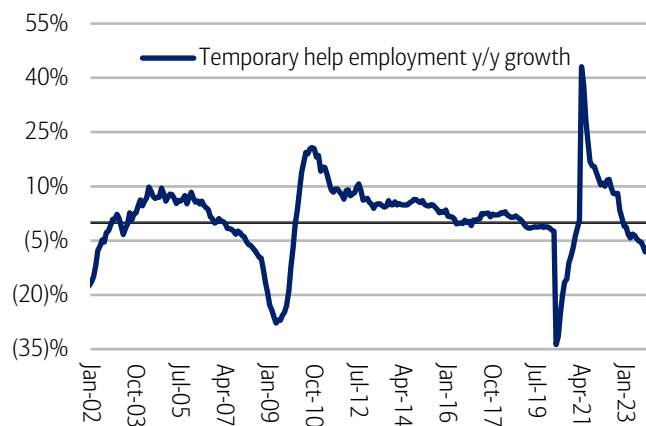


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 17: Temporary payrolls still very weak

Temporary payrolls were down 6.8% in December, compared to (7.4)% in November and (5.7)% on average in 3Q

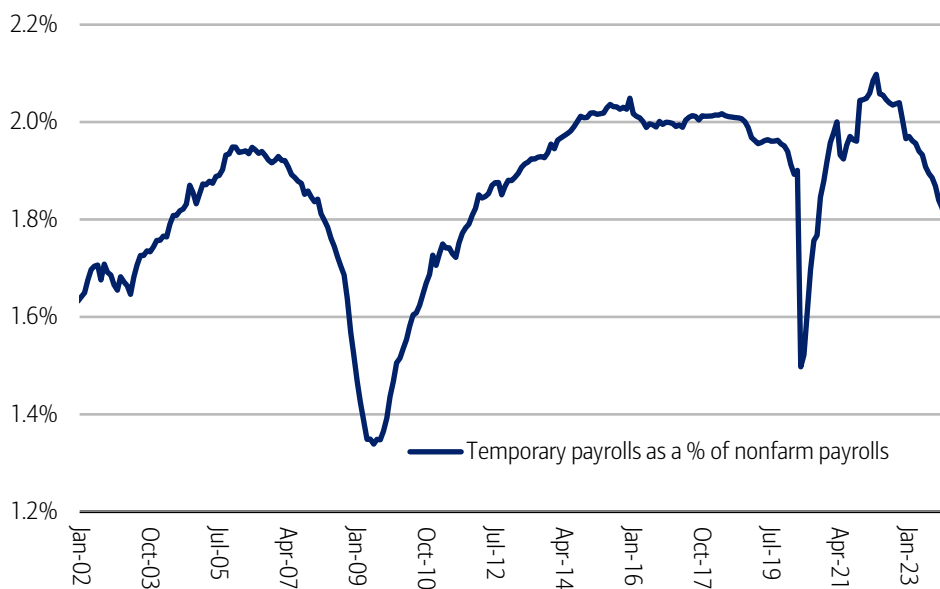


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 18: Temporary payrolls as a percent of non-farm payrolls

Temporary payrolls penetration rate was 1.8% in December 2023, in line with November

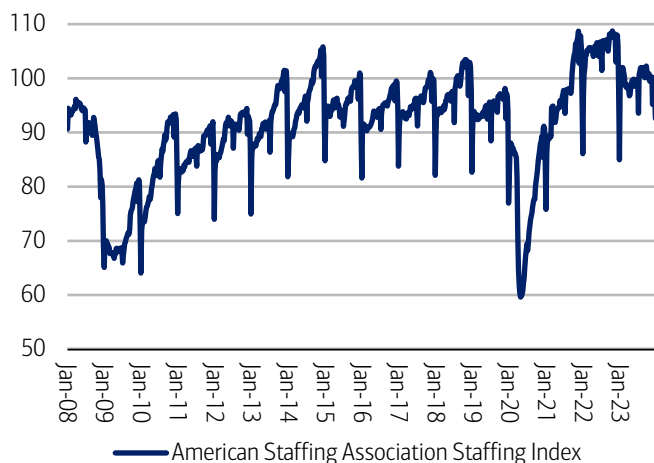


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 19: ASA staffing index

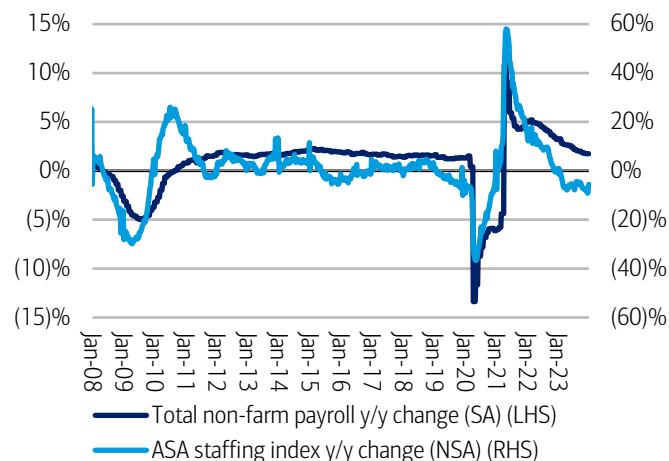
The ASA staffing index averaged 96.6 in December, compared to 98.6 in November



Source: Bloomberg Finance L.P., American Staffing Association, BofA Global Research
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Exhibit 20: ASA staffing index growth vs. change in nonfarm payrolls

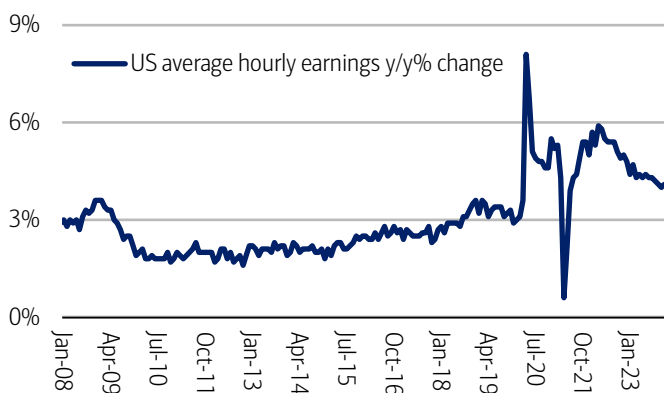
In December, the ASA staffing index fell 7.8% y/y on average, while US payrolls grew 1.7% y/y. This compares to (7.6)% and +1.8% in November



Source: Bloomberg Finance L.P., American Staffing Association, Bureau of Labor Statistics, BofA Global Research
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Wage inflation moderating steadily**Exhibit 21: Wage inflation normalizing**

In December, US average hourly earnings rose 10bp m/m to 4.1%

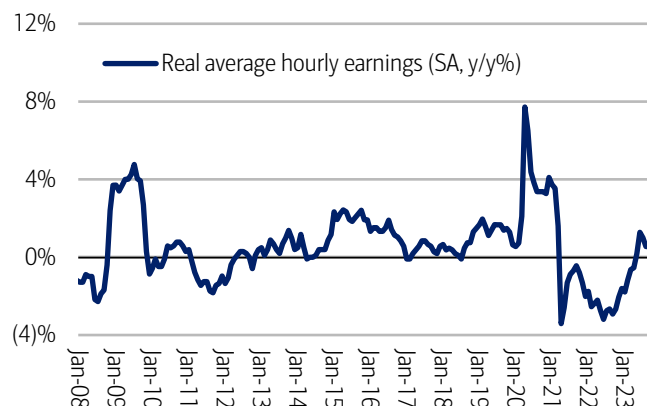


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 22: US real average hourly earnings y/y %

US real average earnings were up 0.8% y/y in December, compared to 0.9% in November

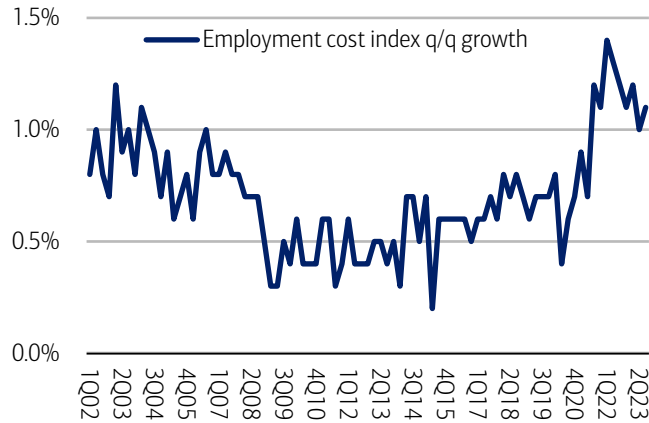


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 23: US employment cost index down from peak levels

The US employment cost index rose 1.1% q/q in 3Q23, vs. 1.0% in 2Q23

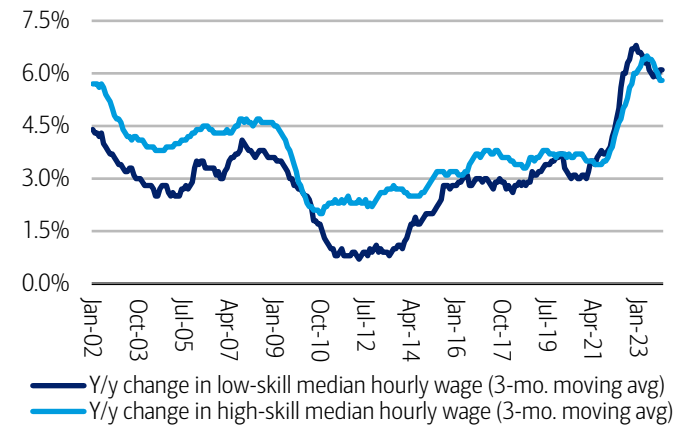


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 24: The Atlanta Fed Wage Tracker grew 6.1/5.8% y/y for low/high-skill workers in December 2023

This was in line with November for both indices

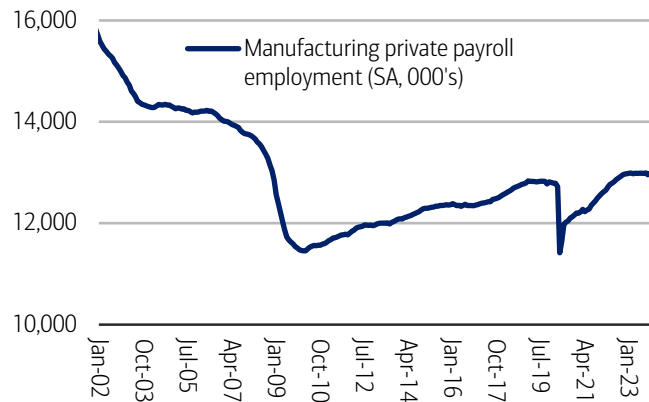


Source: Federal Reserve Bank of Atlanta, BofA Global Research

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US manufacturing employment holding steady**Exhibit 25: US manufacturing jobs (000's)**

Manufacturing jobs rose by 6k m/m in December, vs. a gain of 26k jobs in November



Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 26: Average hourly earnings y/y % change for manufacturing

Manufacturing hourly earnings increased +5.7% in December, vs. +5.4% in November

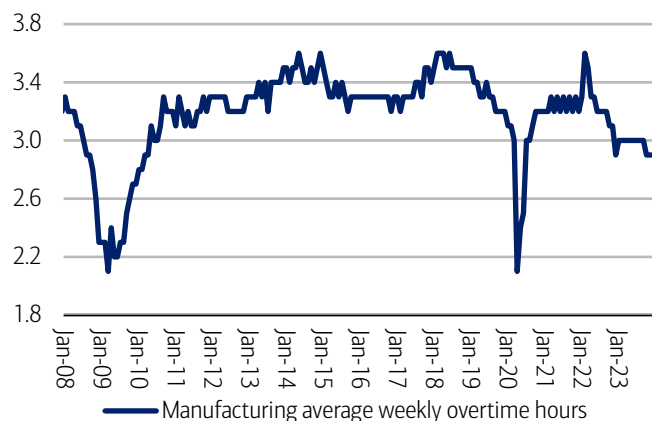


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 27: Average weekly overtime hours for manufacturing

Manufacturing overtime was 2.9 hours in December, in line with November and October

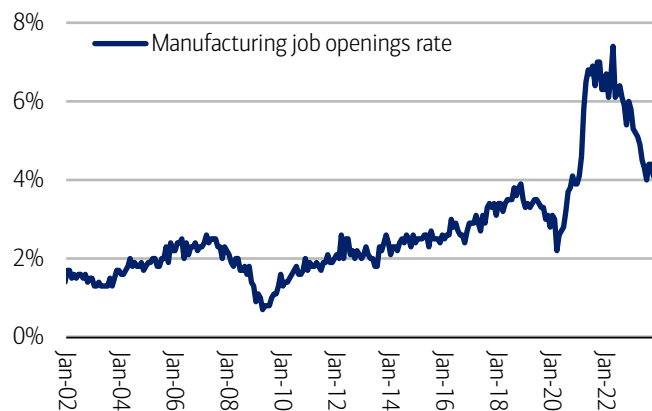


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 28: Manufacturing job openings rate

November manufacturing jobs openings rate fell 10bps m/m to 4.0%



Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 29: Manufacturing quits rate

November's manufacturing quits rate was 1.8% in line with October and September



Source: Bureau of Labor Statistics, BofA Global Research

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Professional services labor metrics sluggish

Exhibit 30: Professional & business services payroll

Professional services jobs increased by 13k m/m in December, vs. a 19k decrease in November and a 23k increase in the year ago period



Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 31: Avg. hourly earnings y/y % change for professional services

Professional business services average hourly earnings was +4.5% in December, vs +4.3% in November.



Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 32: Professional services job openings rate

September's professional services opening rates declined 20bp m/m to 6.5%

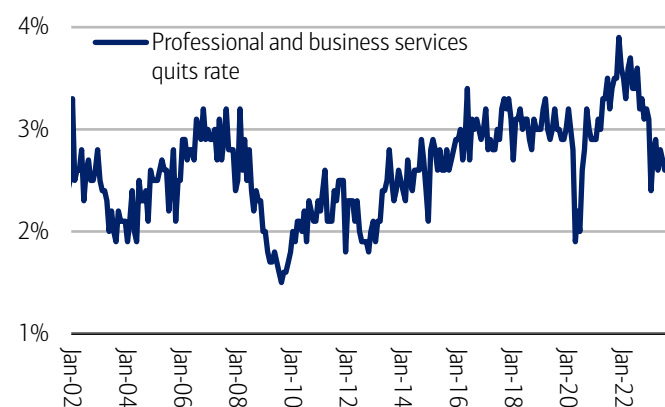


Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 33: Professional services quits rate

November's professional services quits rate fell 30bp to 2.6%



Source: Bureau of Labor Statistics, BofA Global Research

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Exhibit 34: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ASGN	ASGN US	ASGN Inc.	US\$ 90.18	B-3-9
MAN	MAN US	ManpowerGroup	US\$ 76.54	B-3-7
RHI	RHI US	Robert Half	US\$ 80.49	B-3-7

Source: BofA Global Research

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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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