

AUGUST 5, 2011



U.S. Talent Market Monthly



U.S. EMPLOYERS ADDED A
TOTAL OF

117,000

WORKERS IN JULY



AVERAGE HOURLY EARNINGS
(ALL WORKERS)

\$23.13

2.3% ABOVE LAST JULY



NATIONAL UNEMPLOYMENT
EDGED DOWN TO

9.1%

9.5% LAST JULY

IMPROVED HIRING LIFTS OUTLOOK

- The weak economy and last minute politics around raising the U.S. debt ceiling have taken a toll on confidence and hiring in recent months, but July's jobs report is being viewed with optimism.
- Last week's report on the health of the US economy had rekindled concerns about the still fragile recovery. Second quarter economic growth came in at just 1.3%, while first quarter growth was revised down sharply to an anemic 0.4%.
- So far in 2011, average monthly job creation stands at a modest 132,000 – a pace that will need to accelerate in order to significantly lower the nation's jobless rate.

The latest jobs report is helping ease concerns that the U.S economy may be slipping back into recession following a week of disappointing economic data, an 11th hour debt ceiling agreement, and fresh fears about the European debt crisis. Employers added a better-than-expected 117,000 workers last month with employment figures for May and June revised up by a combined 56,000. Private employment was another bright spot in July's report, with businesses adding 154,000 workers, the most since April. *(Continued)*

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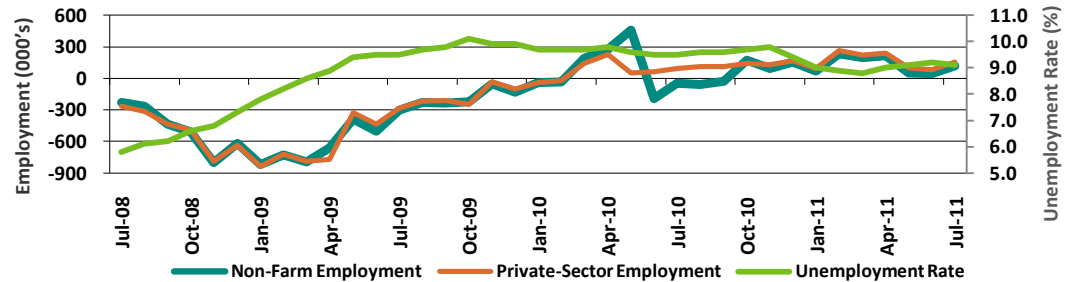
While July's report is clearly encouraging, more than two years into the recovery, U.S. payrolls remain nearly 5% below pre-recessionary levels. This latest "jobless recovery" is now bringing experts together from business, government and academia to discuss potential solutions (more below).

The nation's unemployment rate dropped to 9.1% in July on improved hiring, but also a decline in the size of the labor force. Analysts estimate the economy needs to create at least 100,000 jobs per month just to keep the unemployment rate steady and more than 200,000 per month to have a meaningful impact on lowering the jobless rate.

Goods and service providers each added jobs last month with the largest gains occurring in healthcare (31,000), retail (26,000), manufacturing (24,000) and professional/technical services (18,000). Government employment continues to trend down (-37,000) and has lost nearly 220,000 jobs so far this year.

The moderate pace of job creation currently underway could very well continue over the coming months as employers await clearer signs of a strengthening economy. If so, expect the unemployment rate to drift in the 9% range for the remainder of the year.

U.S. MONTHLY EMPLOYMENT CHANGE AND UNEMPLOYMENT RATE



EMPLOYMENT OVERVIEW

	JULY	JUNE	MAY	APR	MAR
Total non-farm employment growth	117K	46K	53K	217K	194K
Private employment growth	154K	80K	99K	241K	219K
Unemployment rate	9.1%	9.2%	9.1%	9.0%	8.8%

Source: Bureau of Labor Statistics

THE CHANGING FACE OF U.S. LABOR MARKET RECOVERIES

Recent research by the McKinsey Global Institute (MGI) finds the U.S. economy has been experiencing increasingly lengthy "jobless recoveries" over the past two decades.

During the six recessions that occurred between 1948 and 1981, it took an average of just 6 months for employment to return to its pre-recessionary levels. But it took 15 months to recover after the 1990 recession and 39 months after the 2001 recession. Based on the current pace of job creation, McKinsey estimates it will take more than 60 months for employment to recover from the "Great Recession".

McKinsey believes several factors are contributing to this phenomenon, including companies' relentless pursuit of efficiency now needed to maintain competitiveness, a slowdown in new

businesses creation and a growing lack of transferrable skills among the unemployed.

Kelly Services President and CEO Carl Camden was among a panel of experts brought together to discuss McKinsey's findings and share ideas to help solve the current employment challenge. "The skills mismatch is extensive and more widespread than fits the popular literature," says Camden. "I think we're doing very little to guide individuals into areas where jobs are currently available or are going to be available. We have also got to get much better at faster retooling, reskilling of individuals. If somebody's been unemployed for two years, we can't expect them to go back to college for two years."

Source: McKinsey Global Institute (2011)