

> Key Economy and Labor Market Indicators

199K jobs gained in December

Private sector payrolls gained 211K jobs while government employment fell by 12K. Most industries experiencing gains are still below pre-pandemic levels. Demand for science and engineering roles remains steady, and growth in Actalent industries was healthy.

61.9% labor force participation rate

Despite job gains and a lower unemployment rate, the labor force participation rate was essentially unchanged between November and December. Compared to February 2020, the proportion of the population working or looking for work is down by 1.5%.

3.9% Overall unemployment rate

The unemployment rate fell by 0.3 from November, more than Wall Street economists anticipated. Unemployment rates for Actalent labor categories were little changed. Degreed workers have a 2.2% unemployment rate.

A new record-breaking 4.5M workers quit jobs in November.

- A new record 72% of separations (layoffs or quits) were workers quitting.
- The quits rate, 3%, is the highest it's ever been since tracking began in 2000.

The talent drought is evident comparing the ratio of unemployed workers to job openings in Actalent's core labor categories.

- Software-Hardware-IT & Mathematics, Architecture & Engineering and Life, Physical, and Social Sciences all have under 0.3 unemployed workers per job opening over the last 3 months (October-December), continuing a trend of fewer unemployed in these areas.

Omicron's effects may pick up in January

- COVID-19 cases picked up toward the end of December and beginning of January, pressuring many offices, schools, and stores to send workers and students home. Thus, the Omicron impact could be more evident in next month's report.

Average hourly earnings have increased 4.7% YoY.

Indeed shared remote-work searches in Dec 2021 were 3x those in 2019.

25 states will raise minimum wages in 2022, 21 of which did so on New Years Day. This applies to jobs beyond the minimum wage, as raising the floor will impact even highly-skilled worker's wages.

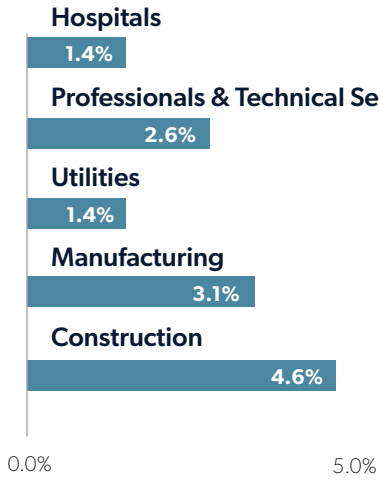
> Industry Employment Trends

Industry	Monthly Job Change + YoY Difference	Trends Impacting Hiring?
Overall Economy	199K (4.5%)	Jobs added fell short of economists' expectations while the drop in the unemployment rate exceeded them, yet the labor force participation rate stayed the same. All of these trends point to the persisting phenomenon of "missing workers" who disappeared from the labor force at the beginning of the pandemic and are still not looking for work. October and November revisions added a collective 141,000 more jobs. Given upward revisions throughout 2021, jobs added in December may have been more promising than what is currently reported.
Manufacturing	26K (2.9%)	Manufacturing indexes showed expansion of activity, albeit at a slower pace. There was no indication of negative impact from Omicron in December. Increased activity and faster delivery times suggest relief for supply chain bottlenecks. Still, there are only about 0.5 unemployed workers for every job opening. Openings far exceed pre-pandemic levels while the industry unemployment rate stays low, highlighting the deficit between worker supply and demand. Quits here have increased nearly 60%, more than any other sector, due to poor working conditions and pay.
Automotive Manufacturing	4.2K (2.6%)	As more companies lay out goals for future electric vehicle (EV) production and sales, electric engineers are growing in demand in this sector. Toyota announced a \$1.29B EV battery manufacturing plant in Greensboro, NC, and GM is also in the process of selecting a location for their own battery-manufacturing plants. BMW sold its 1 millionth EV in December and plans to sell 2 million fully Evs by 2025.
Healthcare	-3.1K (0.4%)	Healthcare lost 52,000 workers due to quits. Hospital activity has increased, and though some patients are willing to have elective surgeries despite rising Omicron cases, many procedures have been delayed due to lack of available recovery and ICU beds. Workers are still overwhelmed and facing burnout, a key contributor to mass quits in this sector.
Scientific R&D Services	6.4K (8.2%)	Demand for clinical lab technicians went up by 6% between November and December 2021 alone, with a little over 82K job postings. Pharmacy techs and phlebotomists also grew in demand. Skills in Quality Control and the Medical Laboratory are requested in over 40K job postings and grew in demand over the month. Studies and trials are largely focused on oncology, central nervous system therapies, and infectious diseases (Covid-19).
Construction	22K (2.2%)	Heavy and civil engineering construction gained 10K jobs. Nonresidential activity increased in October-November while residential activity was mixed between markets and is further behind pre-pandemic employment levels. Projects for construction of buildings have been a driver for hiring. Volatile material costs/availability and the ability to find and retain workers while offering competitive salaries are among the top concerns of firms entering 2022.
Architectural & Engineering Services	8.6K (5.5%)	Architectural billings in November, an indicator of December demand, slowed in pace but were still at a level considered "increasing," implying increased demand for labor. The architectural services sector has passed its pre-pandemic peak in terms of hiring, but "finding candidates to fill key positions at firm" is a top concern.

> Unemployment Analysis

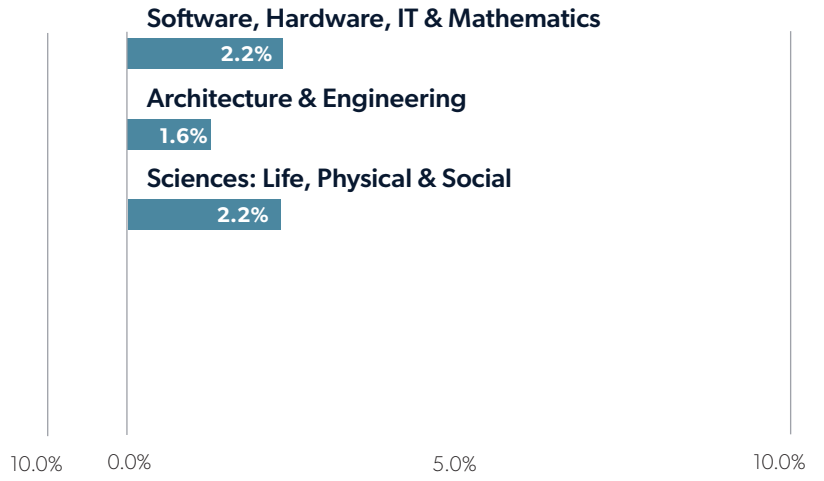
UNEMPLOYMENT

by Industry (Oct-Dec rolling unemployment average)



UNEMPLOYMENT

by Labor Category (Oct-Dec rolling unemployment average)



Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labor category or industry.