



Actalent

Labor Market & Economy Report

December 2022

Sharp insights for well-rounded people.

Actalent's monthly Labor Market and Economy Report connects important dots between data and trends in engineering and sciences. The report corresponds with the monthly release of the U.S. Bureau of Labor Statistics Employment Situation, though lends further insight into specific employment trends in engineering and sciences. Accompanying the report is an [article](#) that pulls the data together to tell a complete story about what's happening in the labor market and, by extension, the economy. Specifically, readers can expect to learn about:

- + Job growth in engineering and sciences by industry
- + Unemployment trends in engineering and sciences labor categories and industries
- + Labor force participation
- + Job quits and layoffs
- + Engineering and sciences employment trends by industry wages
- + Other important news stories impacting the labor market overall and engineering and sciences specifically



223K

Jobs Gained in December

223,000 jobs were added in December. Looking back on 2022, a net 4.5M jobs were added, and non-farm employment recovered beyond pre-pandemic levels.



62.3%

Labor Force Participation Rate

Labor force participation increased by 0.1% but remains below its pre-pandemic level of 63.4%.



3.5%

Unemployment Rate

The overall unemployment rate returned to its 50-year low of 3.5%. For the last six months of 2022, the unemployment rate stayed within a slim range of 3.5% to 3.7%.



4.2M

November Quits

This quit rate is up from October (4.0M) and close to the record-high 4.5M. Layoffs and discharges decreased to 1.35M in November and remains very low despite increased media coverage of tech layoffs.

December Market Trends

A closer look at
unemployment by industry
and labor category



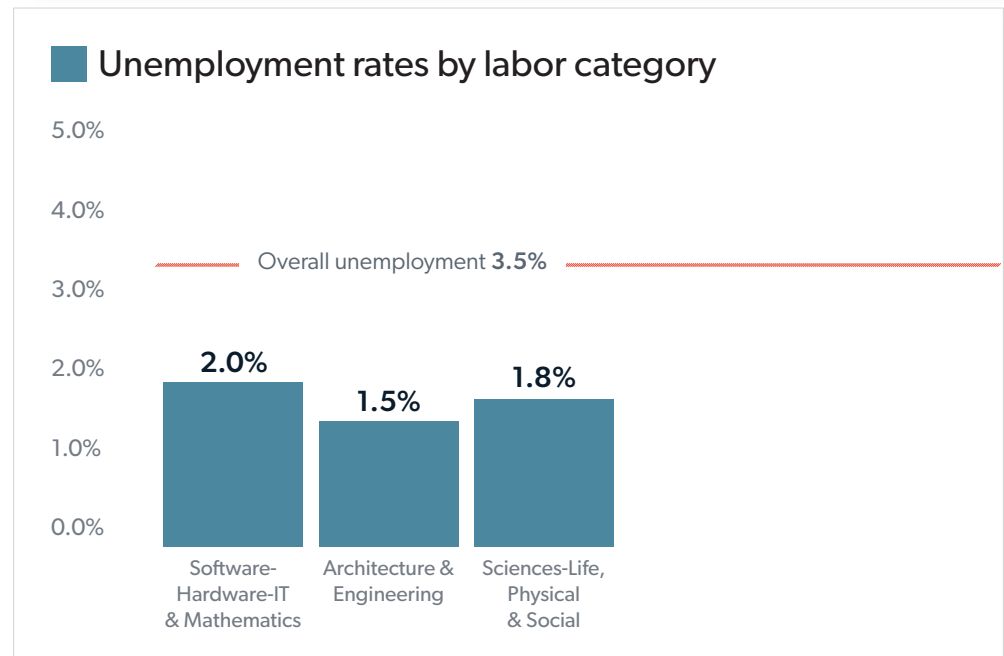
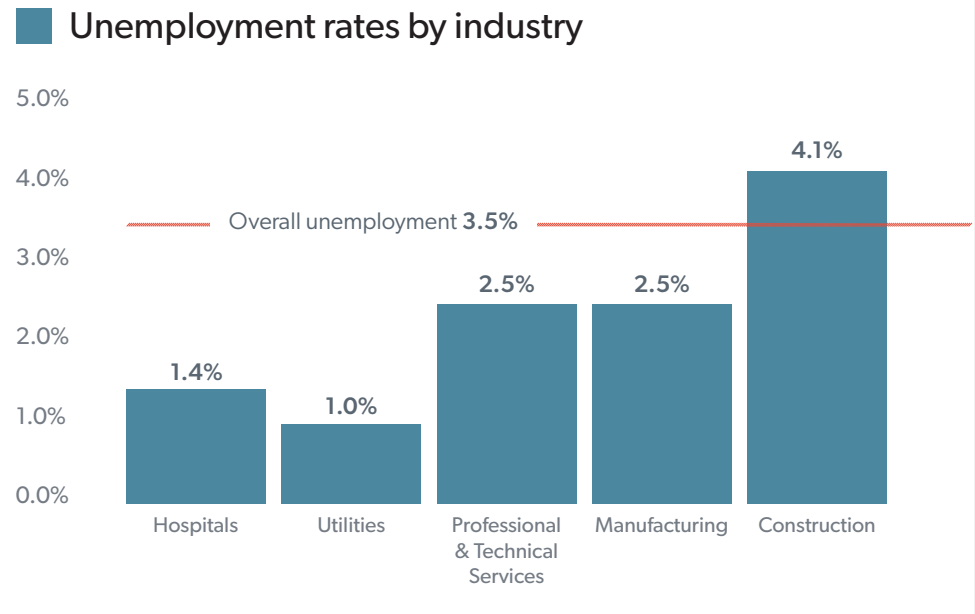
Overall Unemployment Rate



Unemployment Rate for Degreed
Workers



Ratio of unemployed workers
(SW-HW-IT & Mathematics,
Architecture & Engineering)
available per job opening.



Industry Trends

OVERALL ECONOMY

While economic uncertainty/headwinds will carry over into the new year, federal funding and companies' own goals suggest that there is still a lot of work to be done in 2023. The economy remains complex and difficult to predict, but December data showed that companies are still hiring, and worker demand still exceeds supply. Different industries, and even companies, have been impacted differently by the economy, and their hiring patterns will likely reflect those various impacts.

+223K
MoM

3.0%
YoY

UTILITIES

Exxon Mobil and Chevron plan to pull oil projects back to the Americas in 2023 after selling many international assets to reduce their global footprints and focus on more valuable assets closer to home. This is a recent example of companies re/nearshoring business in the last couple years, which will inevitably increase demand for workers in the Americas. Due to grid hardening and buildout projects, substation and transmission engineer demand is 208% higher than it was in 2019.

+1.6K
MoM

1.2%
YoY

CONSTRUCTION

Construction companies hiked wages again in December with expectations for labor shortages to last into 2023. In the AGC's 2023 Construction Hiring and Business Outlook, it was reported that higher interest rates are expected to negatively impact private-sector projects this year, but optimism for public-sector projects remains strong. Funding from the Infrastructure Law, CHIPS Act, and Inflation Reduction Act is anticipated to kick off several projects in 2023. Since 2019, Project Managers and Civil, Industrial, and Electrical Engineers in Construction have grown in demand by over 20%.

+28K
MoM

3.1%
YoY

ARCHITECTURE & ENGINEERING

Business conditions softened for architecture firms in November (latest data available), but 63% of surveyed firms are still optimistic going into 2023. While worker demand declined in the last three months of 2022, postings were still higher compared to 2019 data, and a net-positive 2,400 jobs were added to the A&E sector last month. Job posting and jobs-added data indicate that many companies are still hiring and searching for workers.

+2.4K
MoM

4.9%
YoY

Industry Trends, continued

HEALTHCARE

Deloitte's 2023 Healthcare Outlook identified inflation and talent shortages as two significant threats to industry growth, and 95% of survey respondents recognized the importance of workforce investment as the industry faces prolonged worker burnout, shortages, and turnover, especially among nurses. Despite economic headwinds, healthcare M&A activity continued to increase in December and is expected to stay strong in 2023.

+54.7K
MoM

3.6%
YoY

SCIENTIFIC R&D

Global Data anticipates genomics, real-world evidence (RWE), and immuno-oncology to impact the biopharmaceutical industry the most in 2023. Additionally, inflation, labor shortages, drug pricing pressures, and reimbursement constraints will be the most significant challenges for the industry, increasing the need for companies to optimize operational spend and lower R&D costs. In Med Device, Global Data expects precision medicine, increased regulation complexity, and several tech themes from 2022 to carry over into 2023 with significant impact.

+600K
MoM

5.2%
YoY

AUTOMOTIVE

2023 is set to be a big year for the automotive industry, as several automakers will have new or freshened/redesigned models for sale in the first half of the year featuring electrified, driver assistance, and infotainment technology. Chevrolet, Toyota, Ford, and Honda in particular are anticipating major launches. The semiconductor shortage is abating but isn't over: 2.7M vehicles are estimated to be cut from production in 2023 due to the shortage. Still, between new battery plants and continued advancements in auto technology, workers including engineers and technicians will remain in demand.

+7.4K
MoM

5.5%
YoY

C&IP *Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc.*

Boeing Co. and Airbus SE are facing a backlog of an estimated 12,720 aircraft due to supply chain issues, labor shortages, and fast-growing demand. Their most popular single-aisle passenger jets could be sold out until at least 2029. The good news: aircraft backlogs are so severe that the industry is practically recession-proof, and employees don't need to be too worried about layoffs. Manufacturing as a whole is expected to have a slower year due to higher costs, normalization of orders, and global economic uncertainty. Labor demand will likely vary by sub-category and even company.

+8K
MoM

3.0%
YoY

Wages in the United States

How they've changed.

+6.5%



Consumer Price Index

The Consumer Price Index rose 6.5% for the year ended in December. In June 2022, CPI hit the highest jump since 1981 (8.6%).

+4.6%



Wage Increases

Average hourly earnings grew 4.6% for the year ended in December. In the years leading up to the pandemic, this number ranged from 2% to 3.6% at its very highest

-1.7%



"Real" Earnings

Despite high wage increases, high inflation has actually caused "real" earnings (adjusted for inflation) to fall 1.7% year over year. Thus, workers are still demanding higher wages.

References

Read more about trends in Engineering & Sciences

UTILITIES: [Exxon, Chevron Focus on Oil Projects in the Americas](#)

CONSTRUCTION: [Associated General Contractors of America 2023 Outlook](#)

ARCHITECTURE & ENGINEERING: [AIA's Architecture Billings Index: November 2022](#)

HEALTHCARE: [Deloitte's 2023 Outlook for Health Care](#) and [PWC's Health Services: US Deals 2023 Outlook](#)

SCIENTIFIC R&D: [Global Data's "State of the Biopharmaceutical Industry 2023"](#) and ["Medical Device Predictions 2023 – Thematic Intelligence"](#)

AUTOMOTIVE: Automotive News 2022 Yearbook: [What's New in 2023](#), [Latest Numbers on the Microchip Shortage](#), and [Battery Plants in the Works](#)

C&IP: [Aircraft Backlog](#)