Actalent | MARKET INTELLIGENCE

> Key Economy and Labor Market Indicators

467K jobs gained in January

Private sector payrolls gained 444K jobs while government employment added 23K. Demand for science and engineering roles was only slightly down from December, but job postings still exceed unemployment levels substantially.

62.2% labor force participation rate

The BLS completed its annual revision of labor force data, finding more prime-age (25-54) people in the labor force than previously assumed compared to far fewer 55+ workers. This new population estimate likely pushed the participation rate up.

4.0% Overall unemployment rate

The unemployment rate increased barely by 0.1 from December. Unemployment rates for Actalent labor categories were little changed and remain at very low levels. Degreed workers have a 2.3% unemployment rate.

4.3M workers quit their jobs in December, close to the record-high level recorded a month prior and far above historic norms.
- The quits rate was 2.9%, little changed from 3.0% a month prior

Layoffs and discharges reached series lows, suggesting that employers are clinging to workers in a tight labor market.
- Quits accounted for almost 74% of total separations, a series high

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 three months (November-January), continuing a trend of fewer unemployed in these areas

Omicron had a negative impact, despite growth in jobs:
- 15.4% of workers reported they teleworked because of the pandemic
- 3.6M workers were absent from work due to illness
- 6M people were unable to work, and 1.8M people were prevented from looking for work due to the pandemic, all increases since last month

Average hourly earnings have increased 5.7% YoY – a huge jump since last month. Employers are increasingly desperate for workers.

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.
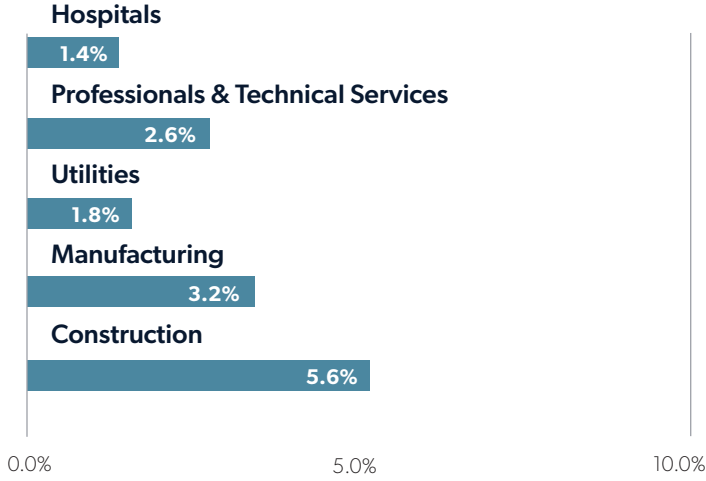
> Industry Employment Trends

Industry	Monthly Job Change + YoY Difference	Trends Impacting Hiring?
Overall Economy	467K (4.6%)	The changes in labor force participation and the unemployment rate were impacted by the annual BLS population re-estimate. What we know now: way more jobs have been added in the past three months than initially anticipated. The effect from Covid-19 therefore may have been more indirect, as anecdotes still report staffing challenges due to workers out sick (or showing up to work sick) amid increasing Covid cases in January. While overall demand slightly dropped (not uncommon for the new year), a few jobs like Pharm Techs, Chemists, and Mechanical Drafters saw increases.
Manufacturing	13K (3.1%)	Manufacturing activity grew, but once again at a slower pace. Slower demand might have been beneficial for companies working through backorders, as backlogs did decrease over the month. Manufacturing companies continue to bemoan strained supply chains and inventories as well as lack of skilled labor, either due to Covid-19 related absences or competition against employers with better salaries and opportunities. Intel announced a $20B investment in a chip manufacturing 'megasite', an example of how companies are responding to off-shore supply issues.
Automotive Manufacturing	-4.9K (3.0%)	Semiconductor chip bottlenecks continued to disrupt the auto industry in January for major manufacturers, including Ford and Stellantis, and Covid-19 cases shutdown production for Volkswagen and Toyota overseas. Despite Covid-19 and related disruptions, announcements in January set the stage for anticipated increased demand for workers throughout this year. Announcements included GM's plans to apply its electric power cells to products beyond automotive vehicles.
Healthcare	18K (1.1%)	Medical & Diagnostic Laboratories lost workers, but overall, the Healthcare sector added several jobs last month. Despite 18K new jobs, healthcare is still down 378K from pre-pandemic levels, and employers are still experiencing pains in recruiting and retaining workers. Hospitalizations of Covid patients peaked at over 134K the week of Jan 14, and hospital activity increased month over month. A decrease in quits may signify slight relief in this sector, but pressures remain high.
Scientific R&D Services	3.7K (7.6%)	Year over year, demand for chemists has increased by 72%, and skills in data collection and data analysis have soared in demand, pointing back to the surge in R&D activities, and thus skilled labor needs, since the pandemic hit in 2020. Covid-19 clinical studies top the list as the most registered studies on clinicaltrials.gov, suggesting that work opportunities related to the pandemic are not going away in the near-term.
Construction	-5K (2.2%)	Heavy & Civil Engineering Construction lost 9.5K jobs, which brought the overall construction job level down. Construction of buildings added 4K jobs, with most growth occurring in residential projects. Residential spending remains much higher than nonresidential and public construction, as demand for new housing has been much more consistent than the other sectors. AGC, a construction association, stated that Congress has not yet appropriated funds associated with the Infrastructure Bill, resulting in lagging public construction projects.
Architectural & Engineering Services	8.4K (6.0%)	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
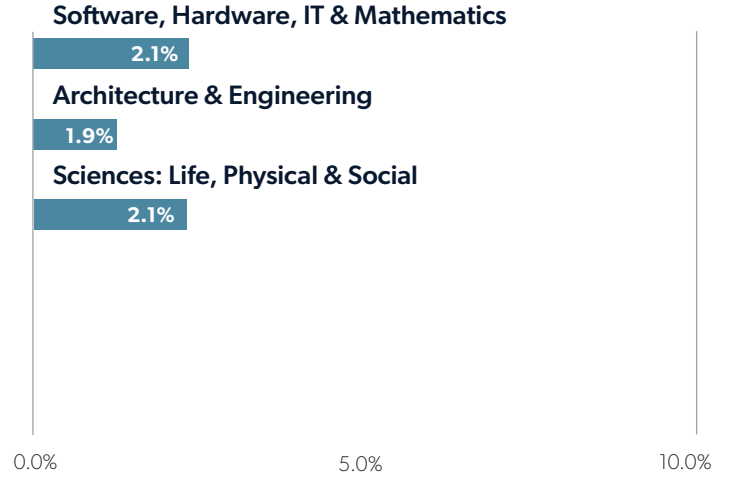### by Industry (Nov-Jan rolling unemployment average)

Hospitals
1.4%

Professionals & Technical Services
2.6%

Utilities
1.8%

Manufacturing
3.2%

Construction
5.6%

0.0% 5.0% 10.0%

UNEMPLOYMENT
by Labor Category (Nov-Jan rolling unemployment average))

Software, Hardware, IT & Mathematics
2.1%

Architecture & Engineering
1.9%

Sciences: Life, Physical & Social
2.1%

0.0% 5.0% 10.0%

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.