

> Key Economy and Labor Market Indicators

528K jobs gained in July

The private sector added 471K jobs in July, up 4.8% year over year. The public sector added 57K jobs, 0.9% YoY. Actalent’s industries all saw gains over the month.

62.1% labor force participation rate

Labor force participation continues to be the discouraging part of the jobs report, ticking down the last couple months despite jobs gains and lowered unemployment. Economists are unsure if, how, or when participation will recover.

3.5% Overall unemployment rate

The unemployment rate returned to its pre-pandemic level- and half-century low- of 3.5%. Rolling unemployment rates for Actalent labor categories are slightly lower than last month’s. Degreed workers have a 2.0% unemployment rate.

4.2M workers quit their jobs in June, close to the record-high 4.5M

- The quits rate was unchanged at 2.8% (record-high is 3%)
- Even with recession fears, quits remain very high

Layoffs and Discharges fell lower to 1.3M, despite some workers’ concerns that a recession could put jobs at risk

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

- SW-HW-IT & Mathematics, Architecture & Engineering and Life, Physical, and Social Sciences all have roughly 0.2-0.3 unemployed workers per job opening over the last 3 months (May-July), continuing a trend of fewer unemployed in these areas.

On a slightly encouraging note, the decline in labor force participation is mostly from the 16-24 and 65+ population. The prime-age workforce – 25-54 years old – saw a rate of 82.4% in July, up from 82.3% in June.

Average hourly earnings increased 5.2% YoY

- Inflation-adjusted hourly earnings, however, have fallen 3.0%

> Industry Employment Trends

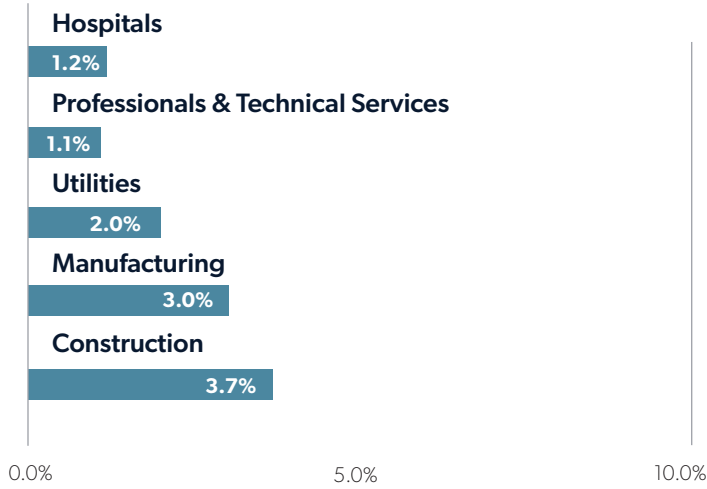
Industry	Monthly Job Change + YoY Difference	Trends Impacting Hiring?
Overall Economy	+528K (4.2%)	With GDP falling and job gains coming in at half a million, recession outlooks could not be more mixed among economists. Regardless of whether we are “technically” in a recession, and regardless of the layoffs and hiring freezes covered by the media, overall economic trends point to job openings that continue to outweigh workers, low layoff levels, and wages that can’t keep up with inflation. Most companies are still in need of more workers.
Utilities	+400 (-0.0%)	Last month, there were 970 postings for electrical engineers, 569 for civil engineers, and 364 for industrial engineering techs in the utilities sector. Considering the 1.1% utilities unemployment rate, numerous DOE plans that would spur more sector activity, and the fact that utilities is less volatile and susceptible to a recession as other sectors, competition for workers is expected to stay tight in the near future.
Construction	+32K (4.2%)	Construction spending dropped, but demand isn’t the problem: materials and labor shortages are. From the AGC: “Attracting more people into construction careers and fixing the broken supply chain for key materials will help kick start a number of stalled construction projects.” Many firms have extensive backlogs to work through, but labor shortages and rising inflation have hindered productivity.
Architecture & Engineering	+12.5K (6.3%)	In this month’s AIA report, over two thirds of firms reported employing staff that engage in sustainability objectives for design projects, suggesting increased worker demand from sustainability projects. The American Council of Engineering Companies, American Public Works Association, and American Society of Civil Engineers have announced their partnership and plans to raise awareness of jobs and career opportunities in engineering and public works professions in response to worker shortages.
Healthcare	+69.6K (2.4%)	The healthcare sector has had mixed worker-related experiences. Some companies have indicated relief, like HCA Healthcare reporting increased hiring and decreased turnover. Other hospitals are still reporting critical staffing shortages and continued impact from Covid-19. McKinsey & Co released a report addressing major public health staffing challenges and calling on governments and leaders to be more proactive with the health workforce.
Scientific R&D	+9.6K (8.2%)	CBRE reported that “the Biotech R&D sector had a record 13.5% year-over-year job growth” in Q2 2022. Life Sciences as a whole had job growth of 5.5% YoY, compared to its 4.6% three-year average growth rate. Registered clinical trials have grown by 30% (+98K studies) since 2019. Given increased hiring and growing studies, it is no surprise that “Clinical Trials” has been the #1 demanded skill among R&D job postings since the end of 2019. The CHIPS and Science Act signed into law August 9 marks “historic investment in scientific R&D,” likely creating more STEM jobs.
Automotive	-2.2K (4.3%)	Rumors have spread about Ford’s plans to cut up to 8,000 jobs – not because of a recession, but in an effort to boost EV investment and profits. Employees working on internal combustion engine vehicles will likely be most impacted. Shifts in skills-in-demand in the auto industry are becoming more evident as manufacturers turn their focus to their EV & hybrid fleets. For example, among the “big 3” auto makers, the number of job postings listing computer science as a skill have multiplied roughly 5x since 2018. Skills in SW development/analysis have also grown in demand.

C&IP – Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc.	+30K (3.9%)	Manufacturing activity and output has slowed and hiring remains challenging, adding to recession fears. The CHIPS and Science law “contains more than \$50 billion worth of funding” for semiconductor manufacturing and R&D within the U.S. This will hopefully make semiconductor supply more reliable, but it will also create more demand for American workers, as this has been an off-shore manufacturing activity in the years leading up to this change. It will take time for the US to experience the impact from this law; semiconductor shortages are not fixed in the short-run.
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> Unemployment Analysis

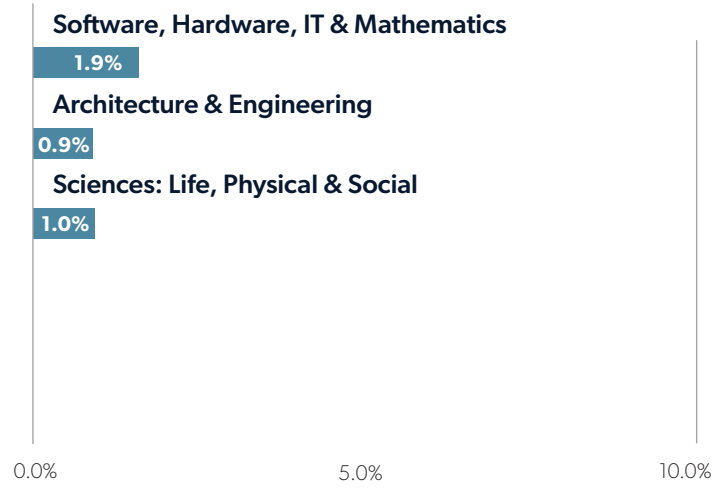
UNEMPLOYMENT

by Industry (May-July rolling unemployment average)



UNEMPLOYMENT

by Labor Category (May-July 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.