



# Labor Market & Economy Report

## July 2025

### 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. 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



### Jobs Gained in July

U.S. employment increased by 73,000 jobs in July, led by health care and social assistance.



### Labor Force Participation Rate

The labor force participation rate (LFPR) declined for the third consecutive month to 62.2% in July. The LFPR has yet to recover to its pre-pandemic rate of 63.3%.



### Unemployment Rate

The unemployment rate increased from 4.1% in June to 4.2% in July. Unemployment rates close to 4.0% indicate that there is a small pool of unemployed talent actively seeking work.



### June Layoffs

Layoffs were unchanged at 1.6 million between May and June. Quits declined slightly from 3.3 million to 3.1 million. Note that quits and layoffs data lag one month behind other employment data.

# July 2025 Market Trends

A closer look at  
unemployment by industry  
and labor category



Overall unemployment rate

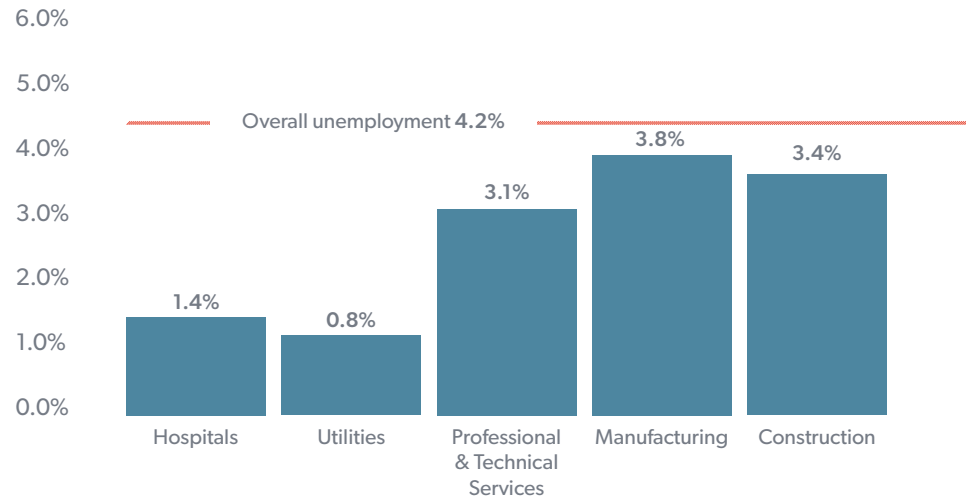


Unemployment rate for  
degreed workers

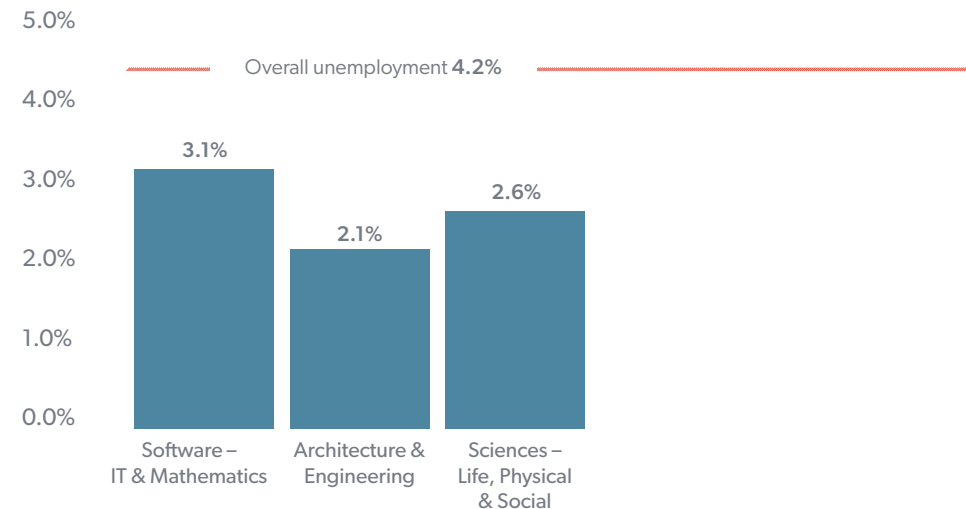


Ratio of unemployed workers  
(Software-IT & Mathematics,  
Architecture & Engineering, Sciences)  
available per job opening

■ Unemployment rates by industry



■ Unemployment rates by labor category



*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.*

# Industry Trends

## OVERALL ECONOMY

The U.S. economy added 73,000 jobs in July. Gains were concentrated in health care and social assistance, while federal government employment declined for the sixth consecutive month. Revisions to May and June data were larger than usual, with combined employment now 258,000 lower than previously reported, pointing to much weaker hiring conditions than initially estimated. Until greater clarity is provided around tariffs, interest rates and other policy impacts, hiring is likely to remain in “pockets” in the coming months.

+73K  
MoM

+1.0%  
YoY

## UTILITIES

Signed into law on July 4, the One Big Beautiful Bill Act (OBBBA) significantly reshapes U.S. clean energy tax policy. It accelerates the phaseout of tax credits for wind and solar projects, and introduces new restrictions on foreign entities involved in the construction or ownership of clean energy facilities. Credits for several other types of clean energy including energy storage, nuclear, geothermal and clean fuels remain largely intact. Jefferies expects utilities with renewable-heavy portfolios, such as Xcel Energy and Ameren, to fast-track wind and solar projects to secure tax credits before the new deadline. High temperatures drove electricity demand to record peaks twice in July, according to the EIA. Extreme weather events often require close coordination between generation and transmission operators to maintain grid reliability.

-100  
MoM

+1.1%  
YoY

## CONSTRUCTION

The construction sector added just 2,000 jobs in July. Construction spending fell by 2.9% year-over-year in June 2025 (latest data available), with a steep decline in residential (-6.0%). In contrast, public nonresidential spending rose 5.1%, signaling continued investment in certain subsectors. According to an AGC analysis, the producer price index—a measure of prices—for materials and services used in nonresidential construction increased by 2.3% for the 12 months ending June 2025. The AGC’s chief economist said many construction projects have been put on hold due to rising construction costs and economic uncertainty. Despite the slowdown, construction layoffs and unemployment remain low. Firms are cautious about hiring but hesitant to cut staff, pointing to a tight labor supply that could hinder future growth.

+2K  
MoM

+1.2%  
YoY

## ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index declined to 46.8 in June (latest data available), signaling that most architecture firms reported a decline in billings. The AIA noted that inquiries into new projects have increased at a strong pace the last two months, indicating that “clients are starting to send out RFPs and initiate conversations with architecture firms about potential projects.” Meanwhile, employment at engineering and drafting services firms is up by nearly 3.0% year-over-year. Over the last three months, industry job postings have increased for job titles such as civil engineers (+9%), project management specialists (+5%) and construction and building inspectors (8%), according to Lightcast.

+6.7K  
MoM

+2.8%  
YoY

MoM = Month over month  
YoY = Year over year

# Industry Trends, continued

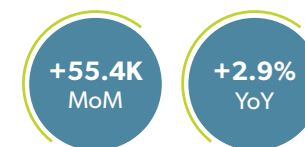
## AEROSPACE & DEFENSE

The A&D sector saw mixed performance in the first half of 2025. Geopolitical tensions and increased defense investments drove growth for many industry players, while others faced setbacks due to supply chain disruptions and program-specific challenges. A recent report from FOCUS Investment Banking notes shifting defense priorities, with the Pentagon cutting F-35 procurements in favor of missiles, drones and next-gen platforms. The One Big Beautiful Bill Act (OBBBA), passed in July, allocates roughly \$150 billion toward defense, including shipbuilding, nuclear technologies, missile systems and other advanced technologies. Year-over-year, job postings from aerospace manufacturers rose significantly for software developers (+78%), industrial engineers (+64%) and buyers and purchasing agents (+44%).



## HEALTHCARE

Healthcare continued to lead job growth in July, adding 55,400 jobs, with strong gains in ambulatory health care services (+33,600) and hospitals (+16,000). Job postings in the health care and social assistance sector rose 18% year-over-year, according to Lightcast. The OBBBA introduces major changes for healthcare payers and providers, including cuts to federal spending and stricter eligibility requirements. PwC anticipates increased administrative complexity, a rise in uninsured patients and increased financial pressure on providers, particularly due to reduced Medicaid funding.



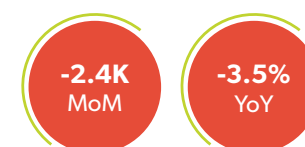
## SCIENTIFIC R&D

Last month, Boston Scientific and Johnson & Johnson both halved their estimates of the financial impact from U.S. tariffs, suggesting the industry may face less disruption than initially feared. AstraZeneca announced a \$50 billion investment in the U.S. by 2030, expected to create tens of thousands of highly skilled jobs. Biogen committed an additional \$2 billion to expand its manufacturing footprint in North Carolina, where it already employs nearly 2,000 people. On the other hand, Merck & Co., Moderna and Sarepta Therapeutics each announced restructuring plans during Q2 earnings calls that will result in layoffs. Meanwhile, HSBC Innovation Banking reported that biotech "first financings" fell to a five-quarter low, reinforcing research evidencing a slowdown in biotech funding.



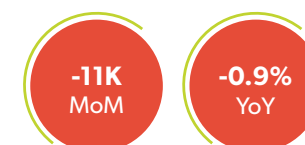
## AUTOMOTIVE

Second-quarter U.S. auto sales were driven by discount programs and buyers looking to beat expected tariff hikes. Legislation passed in July will end federal tax credits for electric vehicles (EVs) this fall, earlier than anticipated, and industry experts warn that tariffs and the loss of EV tax credits could dampen sales in the months ahead. Automakers including Ford, GM and Honda are beginning to integrate AI into areas such as quality control and manufacturing operations. While these companies are exploring the potential of AI, many have stated that it is currently supplementing, not replacing, human labor. Daimler Truck North America is temporarily laying off 2,000 workers from five facilities across the U.S. and Mexico due to a sustained slowdown in new truck orders, particularly in the medium-duty, on-highway and EV segments.



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

Manufacturing indexes for July pointed to further softening in industry conditions as companies continued to delay decision-making and investments due to tariff uncertainty, macroeconomic conditions and geopolitical uncertainty. S&P Global reported that subdued order growth and emerging signs of excess capacity have made some manufacturers hesitant to replace job-leavers or hire additional workers. Microsoft will cut its workforce by up to 4% (an estimated 9,000 workers), affecting global teams including Xbox and its Washington headquarters. The latest layoffs come as Microsoft is reducing management layers and ramping investments in AI and data centers. Intel will cut 15% of its workforce and slow its Ohio facility construction as part of broader efforts to align spending with demand and regain market share.



MoM = Month over month  
YoY = Year over year

# Wages in the United States

How they've changed

+2.7%



## Consumer Price Index

The consumer price index, a measure of inflation, increased by 2.7% for the 12 months ending July, unchanged from the increase recorded in June. The Federal Reserve maintained its key interest rate in July, stating that “uncertainty about the economic outlook remains elevated.”

+3.9%



## Wage Increases

Average hourly earnings increased by 3.9% for the 12 months ending July, slightly above the 3.8% increase recorded in June (revised up from 3.7% in last month's report).

+1.2%



## “Real” Earnings

Real average hourly earnings increased by 1.2% between July 2024 and July 2025. In other words, despite average hourly earnings increasing by 3.9% year-over-year, workers may only feel as if they're making about 1.2% more, on average, due to inflation.

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# References

## Read more about trends in Engineering & Sciences

**UTILITIES:** [Tax bill significantly changes clean energy credits and incentives; The OBBBA is relatively kind to clean fuel producers...; Utilities may speed renewable projects under new tax credit timeline; Jefferies; U.S. power demand breaks peak records twice in July; Maintaining Grid Reliability Through Highest Peaks in a Decade](#)

**CONSTRUCTION:** [Monthly Construction Spending, June 2025; Nonresidential Construction Materials and Services Costs Accelerate Again in June as Industry Awaits Impact of Announced Tariff Increases; Layoffs and Discharges: Construction; ABC: Every State Had June Construction Unemployment Rates Below 10%](#)

**ARCHITECTURE & ENGINEERING:** [ABI June 2025: Architecture firm billings remain soft, while inquiries increase; Lightcast job posting analytics](#)

**AEROSPACE & DEFENSE:** [Boeing Q2 2025; GE Aerospace Q2 2025; Lockheed Martin Q2 2025; RTX Q2 2025; FOCUS A&D Industry Report 1H 2025; One Big Beautiful Bill Act makes \\$150B investment in Defense; Lightcast job posting analytics](#)

**HEALTHCARE:** [All Employees, Ambulatory Health Care Services; All Employees, Hospitals; The One Big Beautiful Bill Act \(OBBBA\): A trillion-dollar turn in US health policy](#)

**SCIENTIFIC R&D:** [Boston Scientific halves expected tariff hit; AstraZeneca plans to invest \\$50 billion in America for medicines manufacturing and R&D; Biogen Announces \\$2 Billion Manufacturing Investment in North Carolina's Research Triangle Park...; Merck & Co., Inc. Q2 2025 Financial Results; Moderna Reports Second Quarter 2025...; Sarepta Therapeutics Announces Strategic Restructuring...; Biotech startup funding dried up in second quarter, HSBC finds](#)

**AUTOMOTIVE:** [Second-quarter U.S. auto sales roundup: Volume boosted by fear of tariffs, generous sales programs; Automakers push EV sales as \\$7,500 tax credit is set to end; Tariffs will be a bigger burden for auto industry in second half of 2025, experts say; In-house AI systems help Ford spot vehicle defects earlier; How the auto industry's players, big and small, are unlocking the power of AI; Truck maker plans to layoff 2,000 workers in the US, Mexico](#)

**C&IP:** [July 2025 Manufacturing ISM® Report On Business®; S&P Global US Manufacturing PMI®; Microsoft's largest layoff in years hits Xbox, sales and other divisions; Lip-Bu Tan: Steps in the Right Direction](#)

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### About Actalent

Actalent is a global leader in engineering and sciences services and talent solutions. We help visionary companies advance their engineering and science initiatives through access to specialized experts who drive scale, innovation and speed to market. With a network of almost 30,000 consultants and 6,100 clients across the U.S., Canada, Asia and Europe, Actalent serves many of the Fortune 500. We are proud to be an Engineering News-Record (ENR) Top 500 Design Firm for our engineering design services and a ClearlyRated Best of Staffing® winner for both client and talent service.

7301 Parkway Drive S., Hanover, MD 21076

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