Actalent | MARKET INTELLIGENCE

> Key Economy and Labor Market Indicators

372K jobs gained in June

The private sector added 381K jobs in June, up 4.9% year over year. The public sector lost 9K jobs but remains 0.9% higher YoY. The private sector has essentially recovered its Feb 2020 levels, but the sector is still far from meeting hiring demand

62.2% labor force participation rate

Despite the number of jobs recovering, labor force participation is still below pre-pandemic levels. In fact, participation actually dropped between May and June – not good news for the economy. Concerns persist about workers who have yet to return to the labor force since the onset of Covid-19.

3.6% Overall unemployment rate

The unemployment rate stayed the same for the 4th month in a row. Rolling unemployment rates for Actalent labor categories were little changed. Degreed workers have a 2.1% unemployment rate.

4.3M workers quit their jobs in May, close to the record-high 4.5M
- The quits rate was little changed at 2.8% (record-high is 3%)
- There has not been significant relief in the number of quits since the onset of the Great Resignation

Layoffs and Discharges remained low, at 1.4M, indicating a labor market where employers don't want to let workers go

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 under .15 unemployed workers per job opening over the last 3 months (April-June), continuing a trend of fewer unemployed in these areas.

Recession predictions vary among economists. June's reports of skyrocketing inflation but persistent jobs gains make it even more difficult to forecast future economic conditions.

Average hourly earnings increased 5.1% YoY
- "Real" (inflation-adjusted) wages declined 1.0% between May and June due to a steep increase in overall inflation.
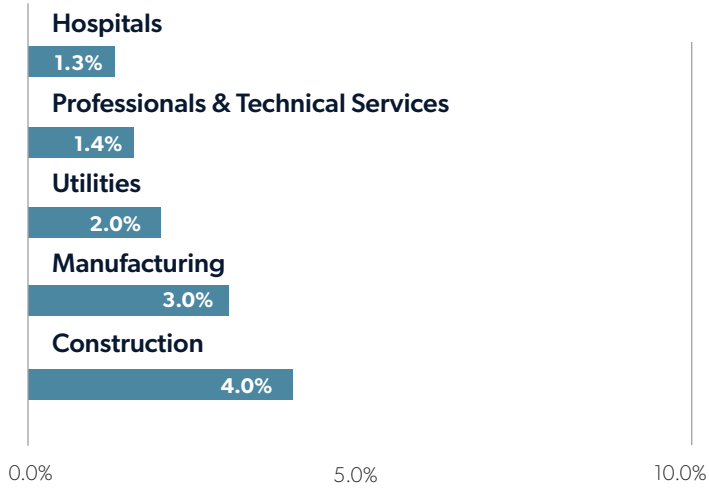
> Industry Employment Trends

Industry	Monthly Job Change + YoY Difference	Trends Impacting Hiring?
Overall Economy	+372K (4.3%)	Private employment has essentially returned to pre-pandemic levels, but the economy is far from its ideal state. Labor force participation is still weak, and openings far exceed the number of unemployed job-seekers. Economists disagree on the likelihood and potential impact of a recession, and responses to those fears have varied across industries and employers. The supply chain remains in desperate need of recovery.
Utilities	+1.1K (-0.1%)	Natural gas production cannot keep up with demand, placing significant pressure on inflation. Many countries around the globe rely on liquefied natural gas (LNG) exports from the US; consequently, more liquefaction facilities have been approved in North America to increase LNG production. Since the beginning of the year, Industrial Engineering Technicians in the Natural Gas Distribution industry have increased in demand by 41%.
Construction	+13K (4.0%)	Increased funding from the federal Infrastructure Act is creating more sector demand and leaving employers scrambling for workers, and material and labor costs are rising steadily. The result is a range of attempted solutions: boosted starting wages, sign-on bonuses, apprenticeship programs, and a federal "talent pipeline challenge" initiative to develop training programs for construction. Job posting data supports employers' reports of a tight labor market: for example, there were almost 600 more Construction Project Engineer postings in Jun 2022 than Jun 2021.
Architecture & Engineering	+6.9K (6.1%)	In the Engineering Services industry, Civil Engineers, Software Developers and Testers, and Project Managers are among the top A&E roles that have surged in demand since the beginning of the year. There are over 1,000 employers in the industry competing for Civil Engineers alone, with CDM Smith, Black & Veatch, and WSP Global topping the job postings list. Demand for infrastructure to support rollouts of EV fleets has been a driver of industry activity and hiring needs.
Healthcare	+56.7K (1.9%)	A recent McKinsey & Co. study highlights the increasing shortage of healthcare workers. The study urges employers to consider more closely the well-being, flexibility, PTO, and pay of healthcare staff. While the study focuses on nurses, staff shortages have occurred throughout the industry; for example, only 2 of every 5 Medical Technologist postings have been filled in the last 12 months, according to Lightcast Data.
Scientific R&D	+5.6K (7.3%)	Sector activity & demand remains strong. Walgreens announced that it will follow retail rival CVS in entering the clinical trial industry by partnering with the data platform Pluto Health. This indicates diversification of business in the retail pharmacy space, as well as an upcoming need for new skill sets for those companies. Quest diagnostics announced plans to launch the CDC's Monkeypox virus testing, the first commercially available test for the virus.
Automotive	-2.1K (7.0%)	The forecast for the semiconductor chip shortage has worsened: AutoForecast Solutions now estimates that more than three million vehicles could be cut from global production by the end of 2022 due to the chip crisis. Auto part shortages have resulted in declining light vehicle inventories and sales. Research firm J.D. Power linked pandemic-related supply chain disruptions, record-high prices, and remote work to lowered vehicle quality in 2022.

C&IP – Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc.	+29K (4.1%)	Manufacturing demand and inventories grew in June, but employment contracted for the second month in a row. Durable goods orders are up, especially for defense aircraft and parts. Northrop Grumman, Lockheed Martin, & Boeing are among top manufacturing job posters and, correspondingly, workers with security clearances are in high demand. Despite the indicated tight labor market, employers did note that hiring and retention difficulties have eased slightly. Supply chain constraints continue to be a major obstacle to production.

> Unemployment Analysis

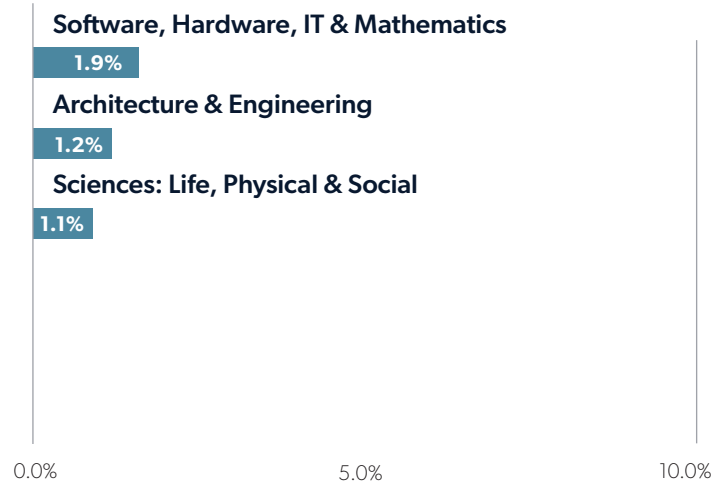### UNEMPLOYMENT
by Industry (April-June rolling unemployment average)

Hospitals
1.3%

Professionals & Technical Services
1.4%

Utilities
2.0%

Manufacturing
3.0%

Construction
4.0%

0.0%   5.0%   10.0%

UNEMPLOYMENT
by Labor Category (April-June rolling unemployment average)

Software, Hardware, IT & Mathematics
1.9%

Architecture & Engineering
1.2%

Sciences: Life, Physical & Social
1.1%

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.