



Actalent

Labor Market & Economy Report

March 2023

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



236K

Jobs Gained in March

236K jobs were added to the economy last month, matching economists' expectations. This is the lowest month-to-month growth seen since December 2020, indicating that employers are hiring at a slower pace. This could be good news for those hoping for a soft economic landing.



62.6%

Labor Force Participation Rate

Labor force participation increased for the fourth month in a row. While it remains below the pre-pandemic rate (63.3%), the steady increase shows more people are working or looking for work, which is encouraging in a market facing worker shortages.



3.5%

Unemployment Rate

The unemployment rate decreased 0.1 percentage points to 3.5%, indicating that the number of unemployed people looking for work is still low.



4.0M

February Quits

Quits stayed elevated last month and increased from January's count of 3.9M. Layoffs decreased from 1.7M to 1.5M despite persistent media attention.

March 2023 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

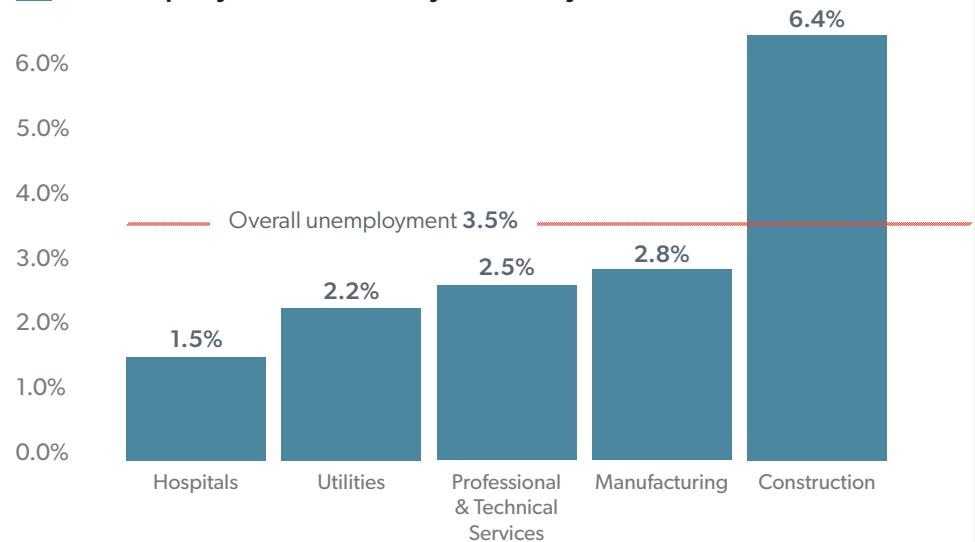


Unemployment Rate for Degreed
Workers

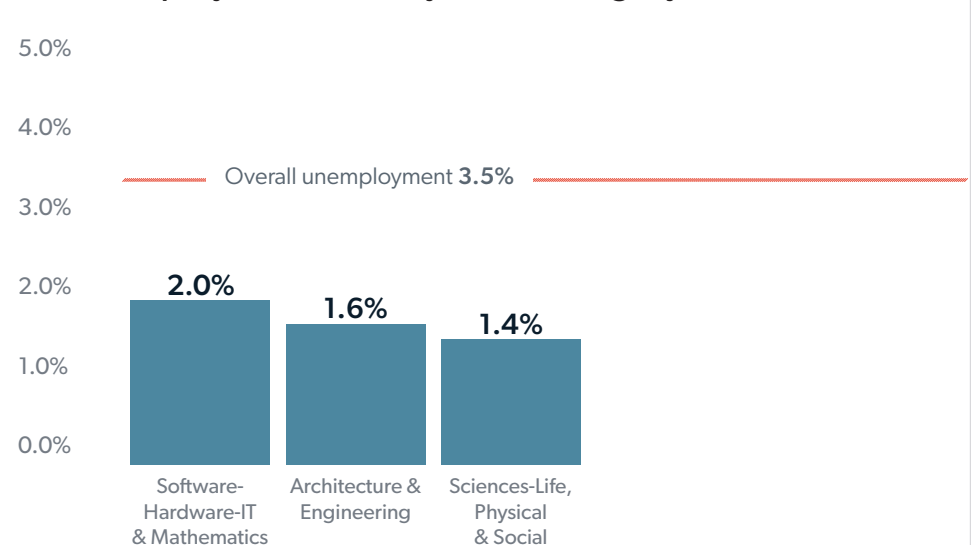


Ratio of unemployed workers
(SW-HW-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening).

Unemployment rates by industry



Unemployment rates by labor category

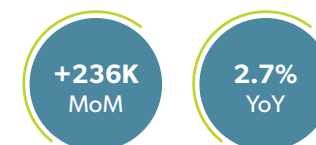


Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labor category or industry.

Industry Trends

OVERALL ECONOMY

An uptick in labor force participation, a decline in job openings, a smaller count of jobs added to the economy, and slower wage growth could all be pointing to the soft-landing economists and the Federal Reserve have been hoping for. Slower wage growth is not a great sign for workers whose pay already can't keep pace with inflation, but it may be a necessary step in slowing inflation altogether. Still, the latest report of 9.9M job openings is still nearly 3M above pre-pandemic levels, and the unemployment rate is back to a 50-year low. Different statistics suggest different outcomes, keeping the labor market complex and difficult to interpret.



UTILITIES

The Energy Information Administration reported that renewables generated more electricity than coal for the first time in the U.S. in 2022. With more work comes more workers; in fact, worldwide renewable energy jobs grew by 700,000 to 12.7M jobs in 2022, according to the U.N. In the renewables sector, Exelon, Edison International, and PG&E were among those who added job postings for engineering & sciences workers between Jan-Mar 2023. The California Independent System Operator issued a draft transmission plan calling for \$9.3B in transmission investments and 46 projects. Such an investment will inevitably increase demand for TD&P workers in California.



CONSTRUCTION

Construction spending increased in February (latest data available) by 2.7% for manufacturing plants, 1.5% for power construction, and 0.3% for highway and street construction. Non-residential spending is anticipated to be driven by manufacturing plants, data centers, power projects, and other federal projects for many months to come, according to the AGC. Concerns are mounting around supply of skilled workers for these projects: Micron is starting construction in 2024 for a \$100B semiconductor plant in Syracuse, which could create roughly 50,000 jobs by 2045. Employment in Upstate New York has been on the decline, so local universities and training programs are scrambling to prepare the next generation of engineers and construction workers that will be in high demand.



ARCHITECTURE & ENGINEERING

Demand for engineers from architectural & engineering services firms increased steadily last month, with civil, electrical, water/wastewater, mechanical, and structural engineers each showing substantial increases in job postings. Black & Veatch, CDM Smith, Jacobs Engineering, AECOM, and Leidos each added over 600 new engineering job postings in March. Business has remained slow for architecture firms, but the pace in the decline of business has eased, which could suggest a shorter slowdown rather than a dramatic recession for the industry. 86% of firms surveyed by AIA reported that recruiting new staff is a current issue, and 62% reported that it is a major issue, indicating that labor shortages persist even during declines in architecture billings.



Industry Trends, continued

HEALTHCARE

Telehealth utilization was higher at the beginning of 2023 compared to the end of 2022, indicating that remote healthcare could be here to stay post-Covid. Related, job postings for remote nurse case managers in the healthcare sector have increased roughly 9% over the last three months. FAIR Health has a regional tracker for monthly updates on the volume of telehealth claim lines – see ‘references’ for the link. CVS acquired Signify Health last month, which will lead to the transfer of 10,000 clinicians to CVS. According to Healthcare Dive, “CVS has been angling to become a full-service healthcare provider, operating a payer, a pharmacy benefit manager and a chain of medical clinics.” CVS has added over 21,000 job postings since the beginning of the year, with pharmacy technicians and pharmacists as the top-two posted occupations.



SCIENTIFIC R&D

While the impact of SVB’s collapse was minimal for larger, more established life sciences companies, the event was more startling for younger biotech startups who had deposits with SVB or who are struggling with funding. A bigger issue than SVB is the tightening cash supply for startups; as investors change their valuations and Series B funding becomes increasingly difficult to raise, less successful startups could consolidate or even shut down. Medical Design & Outsourcing released the 2022 top 10 medical device R&D spenders and their projects, which included Novocure, Edwards Lifesciences, and Dexcom. Annual R&D spending at large med device companies grew more than \$1.1B (5.1%) to \$23.4B.



AUTOMOTIVE

The transition to EVs has weakened some auto suppliers and exposed skills gaps at others, leading Plante Moran to project that supplier M&A deals could increase again. As supply chain challenges and costs are easing, high interest rates are impacting vehicle affordability, leading to lowered demand and falling revenue for some automakers. The results are mixed among industry players: EV startup Lucid announced a layoff of 1,300 workers last month as part of their restructuring and cost-reduction plan, while GM was able to avoid layoffs due to 5,000 employees leaving through voluntary buyouts. Meanwhile, Nissan’s Q1 deliveries rose 17%, ending a six-quarter streak of declines, and GM overtook Ford in electric vehicle sales, now second to Tesla.



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

In response to post-pandemic declining product demand, economic headwinds, overdue consolidation after several acquisitions, and a \$2B cost savings goal, Stanley Black & Decker is closing its Texas and South Carolina factories and relocating some of those operations to its Tennessee facilities. It will still be adding jobs in other locations despite the closures in Texas and South Carolina. General Electric is currently one of the best performing industrial stocks this year thanks to steps toward a much-needed recovery. GE CEO Larry Culp has been simplifying the company – exiting oil & gas business with Baker Hughes, selling its biopharma business to Danaher Corp., and merging aircraft leasing with AerCap Holdings NV – which some predict may be efforts to position GE as a pure-play aerospace company. The CHIPS and Science Act has created concerns that there won’t be enough construction and engineering workers to fill all the jobs that will be created in the coming years.



Wages in the United States

How they've changed.

+5.0%



Consumer Price Index

Inflation's pace slowed for the ninth month in a row, marking the lowest level in almost two years. This is still above the Federal Reserve Board's goal of 2% and 'core' inflation (excluding energy and food) increased 5.6% over the year, so the Fed may consider raising interest rates again.

+4.2%



Wage Increases

Wage growth slowed again, which is encouraging in the long-term. Companies who need to hike employee wages typically increase prices for their goods and services to make up for the higher cost of labor, so slower wage growth places less pressure on inflation.

-0.7%



"Real" Earnings

After adjusting for inflation, workers are still, on average, making less than what they were making last year. Compared to months prior, 0.7% is not as large of a difference, which could mean that inflation's impact on wages is starting to ease. Still, many workers still feel like they can afford less this year.

References

Read more about trends in Engineering & Sciences

UTILITIES: [Renewables surpassed coal power generation in 2022 for first time](#); [Renewable energy jobs rise by 700,000 in a year, to nearly 13 million](#); Job posting data from Lightcast; [California's grid operator calls for \\$9.3B in transmission investments over next decade](#)

CONSTRUCTION: [AGC on February Construction Spending](#); WSJ: A \$100 billion bet on semiconductors hinges on remaking upstate New York's workforce

ARCHITECTURE & ENGINEERING: [ABI February 2023: Business conditions remain soft at architecture firms](#); Job posting data from Lightcast

HEALTHCARE: [FAIR Health Monthly Telehealth Regional Tracker](#); [Telehealth use rose for third straight month in January among privately insured](#); [CVS closes \\$8B Signify acquisition](#); Job posting data from Lightcast

SCIENTIFIC R&D: [How biotech startups grappled with SVB's collapse](#); [Biotech stocks and the SVB collapse – here's what we know](#); [Biotech startups face 'Series A cliff' as venture capital stays cautious](#); [Medtech's top R&D spenders and the projects they launched](#)

AUTOMOTIVE: [EV push could spur more supplier M&A](#); [EV startup Lucid to cut about 18% of its workforce](#); [GM says about 5,000 salaried employees took buyouts, layoffs avoided](#); [NISSAN-INFINITI: 17% gain in Q1 snaps losing streak](#); [GM overtakes Ford as the No. 2 U.S. seller of EVs](#)

C&IP: [Stanley Black & Decker to close plants](#); [GE goes from bottom of barrel to high-flier](#); [America's \\$52B plan to make chips at home faces a labor shortage](#)