Actalent | MARKET INTELLIGENCE

> Key Economy and Labor Market Indicators

390K jobs gained in May

The private sector added 333K jobs in May, up 5.0% year over year. The public sector added 57K jobs, 1.5% YoY. This pace of hiring is not what it needs to be, considering the 11.4M job openings at the end of April.

62.3% labor force participation rate

Labor force participation ticked back up after April's decline. It is still 1.1% lower than pre-pandemic (February 2020). Women's participation is the highest it's been since the onset of COVID-19.

3.6% Overall unemployment rate

The unemployment rate remained unchanged for the third month in a row. Rolling unemployment rates for Actalent labor categories declined for A&E and Life Sciences. Degreed workers still have a 2.0% unemployment rate.

4.4M workers quit their jobs in April — close to record highs
- The quits rate remained high at 2.9%
- The South continued to have the highest regional quits level and rate

Layoffs and Discharges reached a series low of 1.2M
- Many companies are reluctant to let go of workers given the difficulty of recruiting and retaining.

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 (March-May), continuing a trend of fewer unemployed in these areas.

Remote work has resulted in "brain drain" according to the St. Louis Federal Reserve District, where local employers are losing workers to remote jobs with coastal firms who can afford to pay them more.
- This is likely happening to companies across the nation, as remote capabilities have added pressure to competition for labor.

Average hourly earnings increased 5.2% YoY
- While wage gains are still higher than normal, the speed of their growth could be slowing down.
- Not paying interns? The White House is — for the first time ever — suggesting that even prestigious internship programs have recognized the increased value of labor.
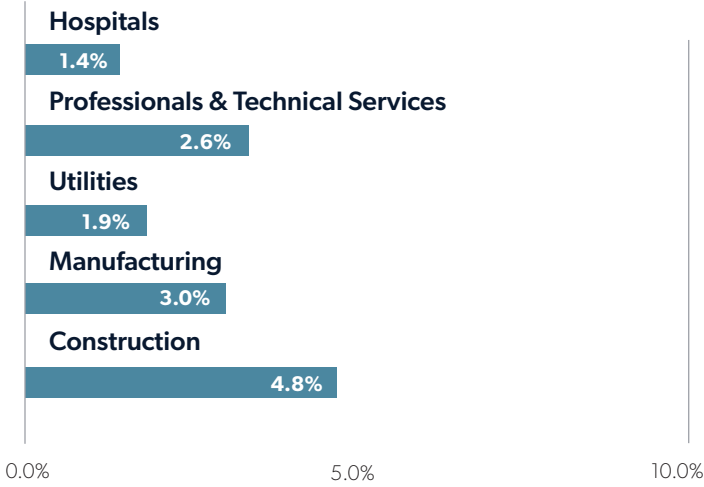
> Industry Employment Trends

Industry	Monthly Job Change + YoY Difference	Trends Impacting Hiring?
Overall Economy	+390K (4.4%)	Overall, job growth was slower in May than April. Economists continue to disagree on how long supply chain challenges will last. Inflation still trends upward, but wage growth might have hit its peak. Job openings still outweigh hires and returns to the labor force by a significant amount.
Utilities	+500 (-0.8%)	In the Utilities industry, Software Engineer and Tester demand increased by 18% between April and May. Universities top the list of competitors for Utilities talent, with Univ. of Tennessee, Texas, and Oklahoma among the top 5 job posters last month. The Department of Energy launched a $2.5B investment for construction of new and updated transmission projects with the Transmission Facilitation Program, part of the new infrastructure law.
Construction	+36K (3.0%)	Nonresidential construction spending fell in April, with the largest decrease in power (electric, oil, & gas). This was not because of low demand, but a labor shortage that has become the sector's biggest concern. The Associated General Contractors of America are still requesting funding and support for training of students and adult workers. The AGC is also urging the Biden admin. to "allow more workers with construction skills to legally enter the country in the short-term." Hiring was stronger compared to April, but openings are still greater enough to impact business.
Architecture & Engineering	+5.3K (6.1%)	HDR announced it will be leading a "contaminant investigation, cleanup and potential redevelopment effort on Harbor Island" in Michigan, a large environmental & remediation project. Hiring demand was strong last month – all architectural & engineering occupations relevant to Actalent grew in demand.
Healthcare	+28.3K (1.3%)	There were over 4K more job postings for Medical Assistants in May compared to April (+6% demand). The 75th World Health Assembly took place last month, and members agreed on the Working for Health Action Plan, which outlines planning and financing, education and employment, and protection and performance goals to build and strengthen the global healthcare workforce. WHO estimates that the global shortfall of healthcare workers will drop from 15M in 2020 to 10M by 2030. Other assembly updates can be viewed on their website.
Scientific R&D	+6K (7.0%)	In May, Pfizer announced plans to acquire Biohaven Pharmaceuticals – biopharma M&A activity fell in 2021 but seems to be rebounding this year. Pfizer was also granted Fast Track designation by the FDA for a liver disease therapy currently in Phase 2 of its clinical trials. Layoffs have increased within the biotech industry in response to dwindling capital, regulatory changes, interest rate hikes, and other obstacles. Strangely enough, many sciences jobs including Chemists and Lab Techs still grew in demand month over month.
Automotive	-3.5K (2.7%)	Ford announced a $3.7B investment into Midwest plants. The auto company expects to add 6.2K union U.S. manufacturing jobs, convert nearly 3K temporary employees to full-time, provide all hourly employees healthcare benefits on their first day, and add roughly 74K more national indirect/non-Ford jobs by the end of 2026. Ford seems to recognize that, in order to remain an industry leader, caring for employees is a priority. Unfortunately for the industry in general, production shutdowns caused by continued supply chain issues led to a decline in employment in May.

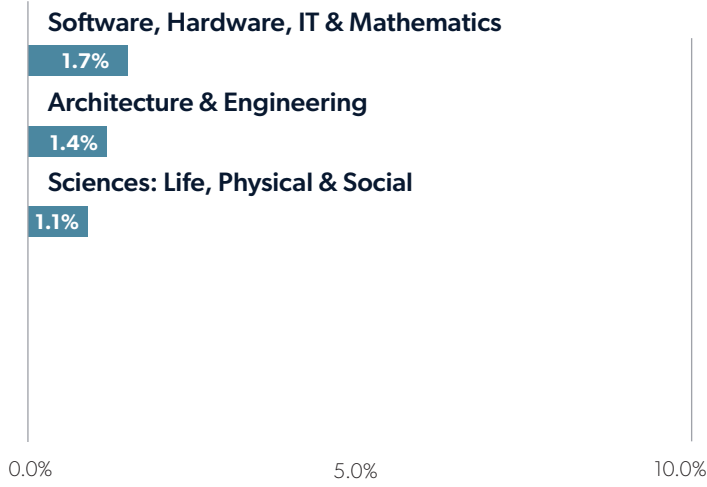| C&IP – Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc.	+18K (3.4%)	Manufacturing indexes reported strong product demand and growing backorders, but a slight decline in employment. Quits were slightly down, and companies are seeking new ways to address the labor shortage. One possible solution: automation – Q1 orders for workplace robots increased by a record-high 40% year over year in the US. Industries including food manufacturing, consumer products, and pharmaceuticals are increasing orders for robotics. This suggests that automation, software, electronics, and related engineers could grow in demand for these industries moving forward.

> Unemployment Analysis

UNEMPLOYMENT
by Industry (March-May rolling unemployment average)

Hospitals
1.4%

Professionals & Technical Services
2.6%

Utilities
1.9%

Manufacturing
3.0%

Construction
4.8%

0.0%   5.0%   10.0%

UNEMPLOYMENT
by Labor Category (March-May rolling unemployment average)

Software, Hardware, IT & Mathematics
1.7%

Architecture & Engineering
1.4%

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.