

> Key Economy and Labor Market Indicators

263K jobs gained in September

The private sector added 288K jobs in September, up 3.9% year over year. The public sector lost 25K jobs but is still up 0.8% YoY. Actalent industries all had more workers than September of last year.

62.3% labor force participation rate

Labor force participation declined 0.1 percentage points. Participation has yet to return to its pre-pandemic level of 63.4%. Participation of the prime-age worker population (25-54 yrs.) also declined 0.1 percentage points.

3.5% Overall unemployment rate

The overall unemployment rate returned to its pre-pandemic low. Rolling unemployment rates in Actalent labor categories inched slightly higher but remain well-below the overall rate. The unemployment rate for degreed workers is at low 1.8%, a rate not seen since March 2007.

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

- The quits rate was unchanged at 2.7% (record-high is 3%)
- Overall quits did not change, but the Professional and Business Services industry saw a decline, indicating that this group, which includes engineers, could be slowing down job-switching for now

Layoffs and Discharges stayed very low and only slightly increased from 1.4M in July to 1.5M in August. Layoffs by industry were little changed.

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 <0.13 unemployed workers per job opening over the last 3 months (July-September), continuing a trend of fewer unemployed in these areas.

Retention still remains a challenge, says Magnit’s Fall 2022 report

- Important findings: cost of recruiting and onboarding new talent is rising, manufacturing had the highest YoY pay rate growth, and software engineers are the most in-demand in the tech/SW engineering sector

Average hourly earnings increased 5.0% YoY

- ‘Real’, inflation-adjusted, wages are down 3.0% YoY, showing that inflation is still having a negative impact on worker compensation

> Industry Employment Trends

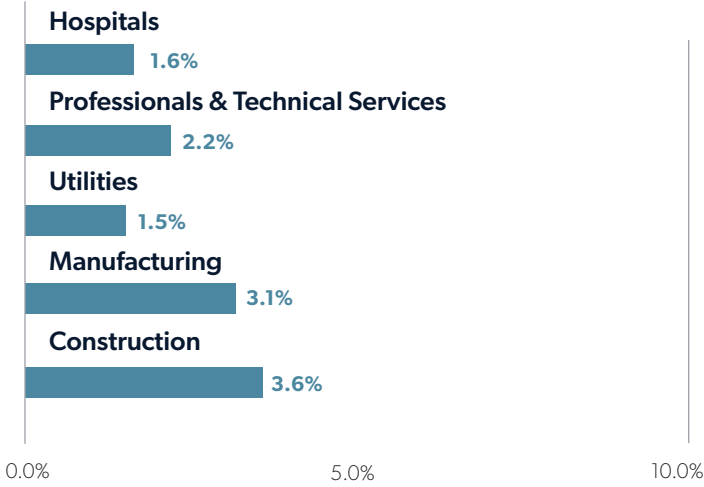
Industry	Monthly Job Change + YoY Difference	Trends Impacting Hiring?
Overall Economy	+263K (3.9%)	Declining job openings paired with a declining unemployment rate and labor force participation paint a contradicting picture. Some economists believe the labor market may be cooling. As talk of a recession sent some into a frenzy, workers stayed calm: in fact, the number of workers expecting to lose pay within the next four weeks fell to a record low in September, indicating little fear about layoffs.
Utilities	+200 (0.4%)	Princeton engineering researchers reported that to fully reap the benefits of the Inflation Reduction Act, the pace of transmission/grid construction will need to more than double. Cost allocation and other challenges such as slow grid transformer supply chains threaten the likelihood of reaching this goal. Hurricane Ian reinforced the priority of grid hardening, as the storm left roughly 2.7M Florida customers without power.
Construction	+19K (3.9%)	AGC reported that construction job openings reached an all-time high at the end of August, but construction unemployment reached a near-low record in September. Labor shortages in this sector have been recognized as a severe problem and barrier to getting work done on time, and many projects have been delayed or canceled as a result. BLS employment data was collected before Hurricane Ian, so any impacts will not be seen until next month.
Architecture & Engineering	-800K (5.4%)	Airlines are beginning to face a shortage of new jets in addition to pilots and spare parts, leading to concerns about flight scheduling and planning. Boeing and Airbus are behind on deliveries of new jets due to supply chain shortages and regulatory challenges. The Departments of Transportation and Energy continue to track the latest announcements for Infrastructure Law projects – engineering firms will want to stay on top of this.
Healthcare	+60.1K (3.1%)	The latest on Big Tech in healthcare: “Google is launching a set of tools meant to make medical images more interoperable and help organizations develop artificial intelligence and machine learning models around them,” and companies like Meridian and Hologic are already using the suite of tools. Telehealth utilization has remained steady during 2022, and healthcare job postings containing the keyword “telehealth” have increased 43% over the last 12 months, indicating healthy demand for those workers.
Scientific R&D	+4.6K (6.8%)	Recent M&A and partnerships: Quest Diagnostics will acquire select assets of LabCare Plus, the lab services business of Summa Health, to provide affordable care for Ohio communities. Labcorp has announced a long-term laboratory relationship with Ascension. This collaboration includes Labcorp’s purchase of select assets of Ascension’s outreach lab business and the expansion of services to Ascension customers.
Automotive	8.3K (4.9%)	The US had to cut roughly 14,200 more vehicles from its production goals due to the global chip shortage. Ford’s sales declined as a drop in truck sales offset a 197% surge in EV sales. Ford’s inventory was significantly hurt by the large number of unfinished vehicles due to supply chain issues at the end of the third quarter. Meanwhile, EV demand has led to record-high lithium prices and concerns that battery metal shortages could threaten EV production.

C&IP – Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc.	+22K (3.8%)	Manufacturing indexes indicated sector growth this month, albeit at a slower pace. The employment index contracted, but jobs were still added to the sector according to government data. Despite some reports of hiring freezes, large-scale announcements of layoffs were absent, indicating “companies are confident of near-term demand, so primary goals are managing medium-term head counts and supply chain inventories.” Attracting and retaining a quality workforce is still a top priority. Reshoring news: Apple’s U.S. sites have grown in importance, and Micron announced a \$100B NY chip factory.
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> Unemployment Analysis

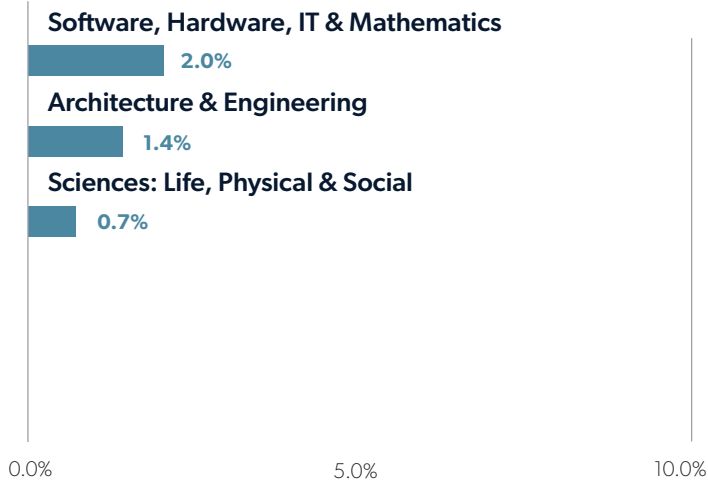
UNEMPLOYMENT

by Industry (July-September rolling unemployment average)



UNEMPLOYMENT

by Labor Category (July-September 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.