



Labor Market & Economy Report

April 2024

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 April

U.S. employment increased by 175K jobs in April, lower than the average monthly gain of 242K over the prior 12 months. This follows a strong month of gains in March, making it difficult to determine the direction that the labor market is headed in.



Labor Force Participation Rate

The labor force participation rate was unchanged between March and April at 62.7%, indicating an unchanged percentage of the U.S. population that was working or looking for work.



Unemployment Rate

The unemployment rate increased from 3.8% to 3.9% between March and April. 3.9% is the highest recorded rate since Jan. 2022 but is still considered a low unemployment rate.



March Layoffs

Layoffs declined from 1.7M in February to 1.5M in March. Quits declined from 3.5M to 3.3M. Year-over-year, layoffs are down by 299K and quits are down by 489K, suggesting less movement among workers between jobs.

April 2024 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

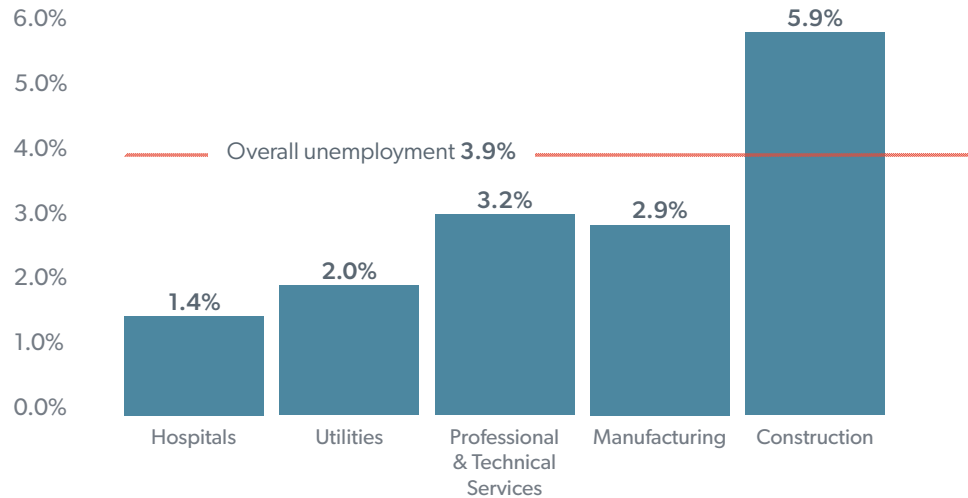


Unemployment Rate for Degreed
Workers

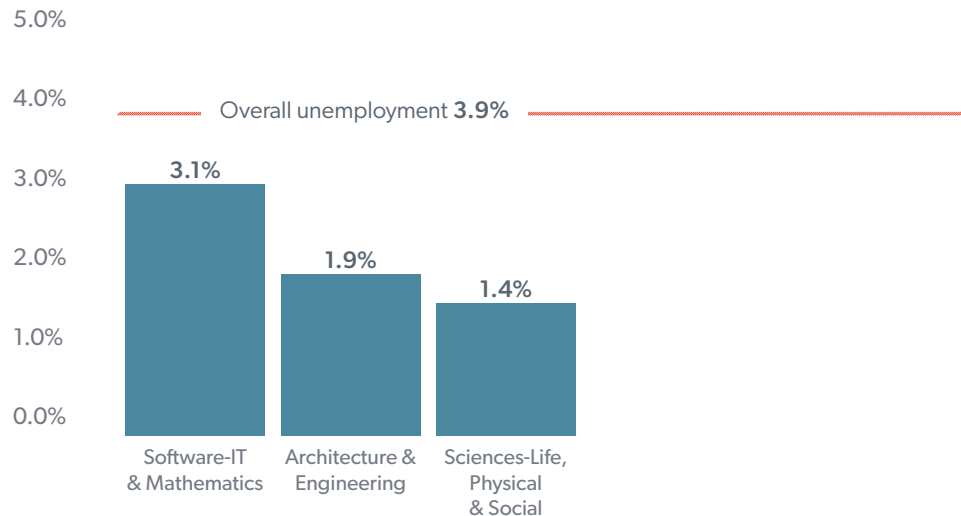


Ratio of unemployed workers
(Software-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening.

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

Increases in employment were minimal across the overall economy and several individual sectors that Actalent works with, such as construction, manufacturing, scientific R&D and utilities. April's job gains were highly concentrated in the healthcare, social assistance and transportation and warehousing sectors. Meanwhile, the unemployment rates for STEM workers remained very low, indicating a low supply of unemployed professionals seeking work despite the marginal increase in jobs.

+175K
MoM

+1.8%
YoY

UTILITIES

Electric utilities companies such as Southern Co., NextEra Energy and AEP are bracing for a surge in power demand from data centers, and many are revising their CapEx and demand forecasts upwards as a result. Some energy analysts are concerned that the industry will not be able to quickly respond to the growing demand from data centers, "because of a swelling backlog of power generation and transmission projects in line to connect to the grid." Despite growing demand, utilities still face macroeconomic headwinds. AEP is implementing a voluntary workforce reduction program, "to help mitigate the impacts of inflation and interest rates and position the company for the future." The offshore wind industry remains turbulent, and three more New York projects were cancelled in April.

+0
MoM

+2.4%
YoY

CONSTRUCTION

The AGC noted that April's gain of 9,000 jobs in the construction sector was the smallest gain since August 2022 as interest rates discouraged activity in the residential segment. The AGC pointed out that labor demand remains strong among nonresidential construction firms. Gilbane's Construction Market Conditions Report for Q2 2024 stated that new data centers, industrial, manufacturing and large infrastructure projects continue to drive strong construction demand, but that "strong backlog and volatility in the supply chains of some commodities, specifically in the electrical category" are risks to cost inflation and long lead times. Gilbane also noted that building material prices have increased in 2024, and construction labor availability is expected to be especially tight this summer.

+9K
MoM

+3.2%
YoY

ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index for March (latest data available) reported a significant decline in billings, indicating slow business conditions for architectural firms for the fourteenth month in a row. AIA noted that institutional design work is more stable compared to construction, which is still facing inflation, prolonged high interest rates, supply chain issues and other economic headwinds that discourage new project activity. According to Lightcast, job posting growth is down overall for the engineering services industry, but Black & Veatch, AECOM, HDR and Burns & McDonnell are among the top companies who have increased their demand for workers over the last three months.

-100
MoM

+2.2%
YoY

Industry Trends, continued

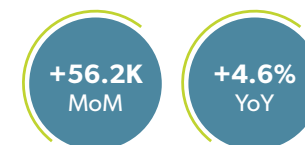
AEROSPACE & DEFENSE

In April, SIPRI reported that total global military expenditure reached \$2,443B in 2023, the steepest year-over-year increase since 2009, “amid war, rising tensions and insecurity.” SIPRI highlighted that U.S. military spending reached \$916B in 2023, representing 68% of total NATO military expenditure. Many A&D companies reported solid performance for Q1 2024, including General Dynamics, Honeywell Aerospace Technologies, L3Harris, Lockheed Martin, Northrop Grumman and RTX, citing strong demand and sales related to national security needs. RTX noted their continued investments in operational modernization, production capacity, digitalization and technological innovation.



HEALTHCARE

An Axios report stated that high inflation, high labor costs, worsening reimbursement and heightened competition for outpatient services are still weighing heavily on healthcare systems' operating margins. Axios mentioned that most recent healthcare layoffs have affected back-office employees since healthcare systems are trying to recover finances while still facing shortages of certain medical staff. Kaufman Hall reported recent declines in hospital margins as systems faced revenue declines, increases in bad debt and other headwinds. Walmart is closing its 51 health centers and virtual care service, citing “the challenging reimbursement environment and escalating operating costs.”



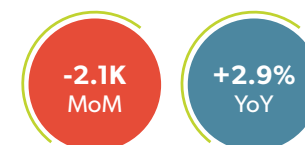
SCIENTIFIC R&D

Biotech IPOs reached pre-pandemic levels during Q1 2024, with nine drugmakers collectively raising over \$1.3B. The increase in IPOs is good news for biotechs who have faced a tight lending environment over the past year. Eli Lilly will acquire an injectable manufacturing facility from Nexus in Wisconsin to expand production capacity. Pfizer is ending its R&D collaboration with the Centers for Therapeutic Innovation (CTI) as part of its cost-cutting program. Pfizer also announced it will shut down its Boulder, CO R&D operations by the end of Q2 2024, which will result in layoffs. Bristol Myers Squibb is planning to cut 6% of its workforce (2,200 employees), trim its experimental medicine pipeline, consolidate its offices and laboratories and reduce third party spending to save costs in preparation for patent expirations of two of its top-selling products.



AUTOMOTIVE

Durable goods orders increased in March (latest data available), bolstered by demand for commercial aircraft and motor vehicles. Tesla's Q1 deliveries fell 8.5% from a year ago due to fierce global competition and softening EV demand. Several announcements of layoffs at Tesla surfaced in April, which InsideEVs suggests will impact project managers, automation engineers, ergonomics designers, technicians, data analysts, sales staff and recruiters, among other roles. With EV growth cooling in the U.S., Mercedes-Benz is planning to increase its supply of combustion engine and hybrid vehicles in 2024. Ford is delaying plans for a new electric pickup while ramping up hybrid investments; AutoNews states that Ford “aims to offer hybrid variants on each gasoline-powered vehicle in its lineup by the end of the decade.”



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

A report by Deloitte and The Manufacturing Institute claims that the U.S. manufacturing industry could need up to 3.8M new employees by 2033, but more than 1.9M of these jobs could go unfilled due to skills gaps and a lack of applicants. The report specifically calls out the growing need for digital skills as the industry becomes increasingly reliant on technology. Several firms including Accenture, Cisco, Eightfold, Google, IBM, Indeed, Intel, Microsoft and SAP have formed a collaborative to evaluate the impact of AI on technology jobs and provide recommendations for reskilling and upskilling the tech workforce. President Biden announced a preliminary agreement with Micron for up to \$6.14B in subsidies for two semiconductor chip factories in New York and Idaho, which is expected to create over 70,000 jobs.



Wages in the United States

How they've changed

+3.4%



Consumer Price Index

Inflation increased 3.4% for the 12 months ending April, only slightly down from the 3.5% increase recorded in March. "Core" inflation – CPI for all items less food and energy (two volatile categories) – increased 3.6% year over year. While these numbers are slightly down from last month, inflation is still higher than the ideal goal of 2%.

+3.9%



Wage Increases

Average hourly earnings increased by 3.9% for the 12 months ending April. Since June 2021, this is both the lowest year-over-year increase and first reading below 4.0%.

+0.5%



"Real" Earnings

"Real," inflation-adjusted, average hourly earnings increased 0.5% between April 2023 and April 2024, indicating that average hourly earnings are just barely keeping up with inflation.

References

Read more about trends in Engineering & Sciences

UTILITIES: [US electric utilities brace for surge in power demand from data centers; AEP Reports First-Quarter 2024 Earnings, Reaffirms Guidance; New York nixes 3 offshore wind projects, notes GE Vernova move to abandon 18-MW turbine](#)

CONSTRUCTION: [Construction Sector Adds 9,000 Jobs Between March And April As Slowing Residential Activity Limits Gains...; Gilbane Construction Market Conditions Report: Q2 2024;](#)

ARCHITECTURE & ENGINEERING: [Architecture Firm Billings Soften Further in March According to AIA/Deltek ABI; Lightcast](#)

AEROSPACE & DEFENSE: [Global military spending surges amid war, rising tensions and insecurity; General Dynamics Reports First-Quarter 2024 Financial Results; Honeywell Delivers Strong First Quarter Results And Beats Earnings Guidance; L3Harris Technologies Reports Strong First Quarter 2024 Results, Increases 2024 Profitability Guidance; Lockheed Martin Reports First Quarter 2024 Financial Results; Northrop Grumman First Quarter 2024 Conference Call; RTX Reports Q1 2024 Results](#)

HEALTHCARE: [Hospital cuts challenge expectations of post-COVID rebound; Kaufman Hall National Hospital Flash Report; Walmart says it will close its 51 health centers and virtual care service](#)

SCIENTIFIC R&D: [Biotech IPOs bounced back in first quarter, but backlog remains; Lilly Acquires New Injectable Medicine Manufacturing Facility from Nexus Pharmaceuticals; Pfizer's academic-partnered R&D unit is scrapped as part of cost-cutting measures; Pfizer confirms end of Boulder R&D operations; Bristol Myers to cut 6% of workforce, trim drug pipeline](#)

AUTOMOTIVE: [Commercial aircraft, motor vehicles lift US factory orders; TESLA: Q1 deliveries fall 8.5% to 386,810 as demand cools; Tesla to cut more than 6,000 jobs in Texas, California, notices show; Tesla Engineers, Technicians, Sales Staff, Recruiters Hit By Layoffs In U.S. And China; Mercedes warms to ICE vehicles as EV growth cools in the U.S.; Ford delays EV pickup, utilities as it expands hybrid options](#)

C&IP: [Manufacturing May Need 3.8 Million New Employees By 2033; Cisco, Indeed, Google, Others Form Collaborative To Upskill Workers On AI; Biden announces preliminary deal with Micron for up to \\$6.14 bln in chip grants](#)

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 more than 4,500 clients across the U.S., Canada, Asia and Europe, Actalent serves many of the Fortune 500.

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