



Actalent

# Labor Market & Economy Report

August 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. 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



187K

### Jobs Gained in August

187,000 jobs were added to the economy in August – a modest gain in employment. Still, August had higher job gains compared to those recorded for June and July, which were both revised down.



62.8%

### Labor Force Participation Rate

The LFPR finally increased 0.2 percentage points in August after five months of stagnation. The women's LFPR increased to 57.7%, just 0.2% below the pre-pandemic rate.



3.8%

### Unemployment Rate

The unemployment rate rose 0.3 percentage points in August. The increase in the LFPR very likely contributed to the increase in the unemployment rate, as 597,000 "new entrants" (unemployed persons with no previous work experience) entered the labor force last month.



3.5M

### July Quits

Quits fell to their lowest level since early 2021, suggesting that workers switched jobs less in July than they did over the past few months. Layoffs remained around 1.6M for the third month in a row, still down from pre-pandemic levels (1.9M).

# August 2023 Market Trends

A closer look at  
unemployment by industry  
and labor category



Overall Unemployment Rate

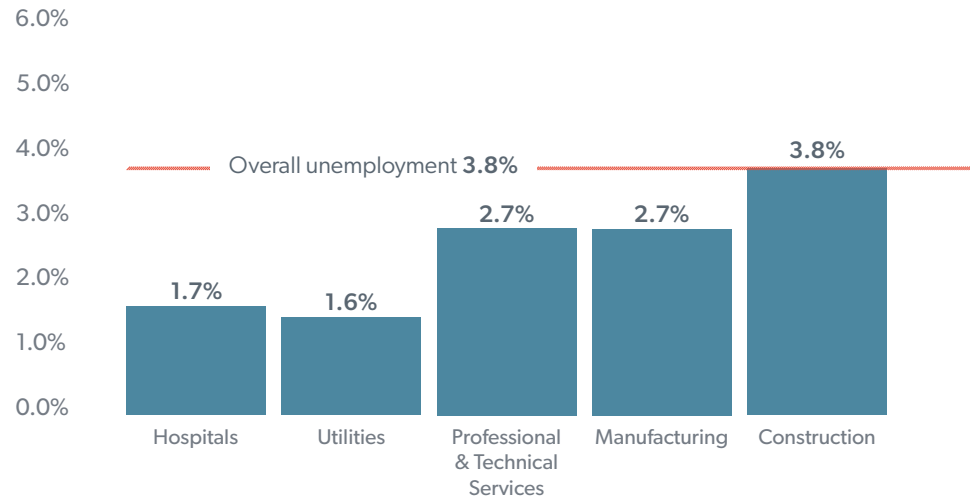


Unemployment Rate for Degreed  
Workers

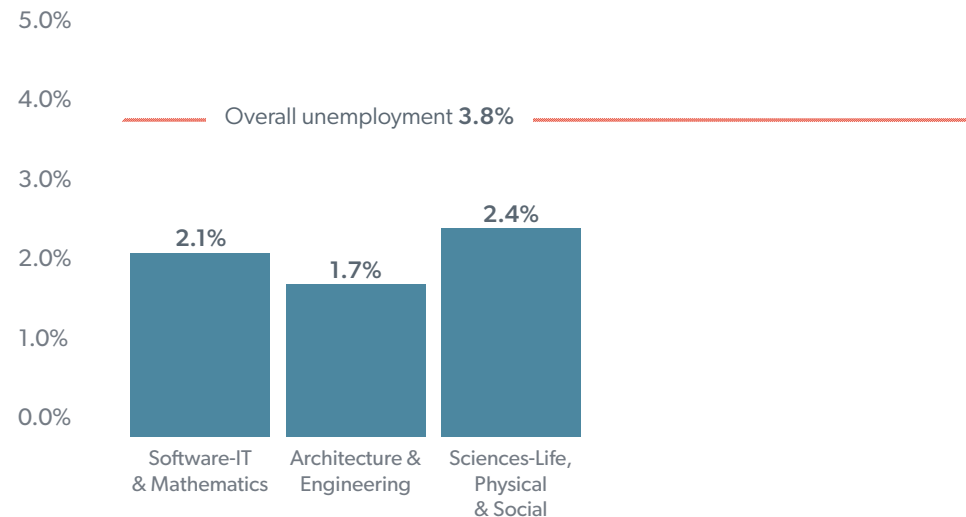


Ratio of unemployed workers  
(SW-HW-IT & Mathematics,  
Architecture & Engineering,  
Sciences) available per job  
opening.

### 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

Last month's employment data continued to show signs of a softening labor market. Job openings declined for a third consecutive month, employment gains were below 200K for a third consecutive month, quits declined, and the labor force participation rate finally increased after five months of no change. Still, job openings far exceeded the number of unemployed workers, and unemployment rates for STEM workers in particular remain very low. Despite the uncertainty that has plagued the U.S. economy throughout 2023, unemployment has stayed low, indicating a still-short supply of workers.



## UTILITIES

E2 found that 210 major new clean energy projects have been announced since the IRA was signed into law last August. They estimate these projects could result in 74,000 new jobs and \$86.3bn in private investment, if completed. Hanwha Qcells leadership pointed to persisting obstacles facing IRA projects, including high interest rates, oversupply of some solar manufacturing pieces, and shortages of other supplies. Brookfield analysts still have a strong outlook for utilities investing in T&D, given federal support, rising demand for grid flexibility, and improved operating efficiency in the sector. Dominion Energy has begun the nation's largest airport renewable energy project at Dulles International Airport, which will create roughly 300 construction jobs. A recent S&P Global blog stated that electric utility capex is expected to remain robust in the medium-term, with over half of investments focused on T&D.



## CONSTRUCTION

The White House provided further clarification on the Build America, Buy America (BABA) guidelines, which have been said to have slowed infrastructure progress due to regulatory confusion. AGC officials claim that the new BABA requirements for construction materials are too strict, which will both limit the supply of usable materials and likely increase costs, just after material supplies and costs have been stabilizing. The AGC also noted that red tape continues to "suffocate" infrastructure projects and is hampering public construction. Booming manufacturing construction is creating concern that cities in states such as Arizona and Ohio will be faced with tight competition for an already-low supply of skilled workers. A joint venture including Turner and AECOM Hunt has been chosen as the construction manager at risk for the new \$2.1bn Tennessee Titans stadium, which will begin construction in mid-2024.



## ARCHITECTURE & ENGINEERING

July's architectural billings index (latest data available) indicated very mixed conditions for architecture firms. Firms in the Midwest reported growth for the ninth month in a row, while other regions reported modest declines. Firms with a commercial/industrial specialization reported their strongest billings in over a year. Among the surveyed architectural firms, 40% reported being understaffed. Companies providing engineering and design services for infrastructure projects, such as AECOM, Jacobs Solutions, and WSP Global showed signs of accelerating infrastructure funding in their most recent financial reports. In their August earnings call, AECOM's CEO mentioned increased activity due to the IIJA, IRA, and state/local infrastructure investments.



## Industry Trends, continued

### AEROSPACE & DEFENSE

BAE Systems will acquire Ball Corp.'s aerospace unit for \$5.6bn and make it a part of the Electronic Systems sector. BAE Systems believes Ball Aerospace could generate \$4bn by 2030 due to strong demand for satellites and related subsystems, demand from allied and partner nations for expanded supply of missile and munitions, and demand coming from additional spending on space projects. JetZero has been selected by the DAF to work on the next phase of a blended wing body (BWB) prototype aircraft project, which is related to the DOD's effort to fast-track the development of BWB's transformational dual-use technology. This improved technology would provide a more efficient air platform option to the government and commercial industry.

+5.8K  
JULY

+5.1%  
JULY

### HEALTHCARE

With the annual HEDIS season arriving in January, recruitment for HEDIS workers is likely to begin as early as September. While HEDIS season expands the opportunities available for nurses, it may also increase competition between healthcare payers and providers trying to hire nurses who are already in short supply. Several healthcare systems reported solid Q2 results, including Mayo Clinic, Kaiser Permanente, Sutter Health, and HCA. Operating costs were high for many healthcare systems, but Kaiser claimed this is typical in the first half of the year, partly due to seasonal factors. If these systems try to manage operating margins by cutting labor costs, they may be putting their worker retention at risk.

+71K  
MoM

+3.9%  
YoY

### SCIENTIFIC R&D

Novartis plans to lay off roughly 100 clinical operations workers from its U.S. headquarters in East Hanover this November to "enable faster trial recruitment and enhanced trial delivery." Novartis' layoffs are part of a larger global restructuring effort announced last fall. After disappointing Q2 results, Bristol Myers Squibb now anticipates a revenue decline in 2023 and has laid off more than 100 employees. As part of its Project NextGen, the Department of Health & Human Services has announced \$1.4bn in funding for development of next-generation COVID-19 vaccines and treatments. Awardees of the \$1.4bn include Regeneron, ICON, Pharm-Olam, Technical Resources International, Rho Federal Systems, J&J, and Global Health Investment Corp.

+7.9K  
MoM

+4.8%  
YoY

### AUTOMOTIVE

Hyundai was the latest OEM to announce another automotive plant expansion, this time for \$2bn in additional investment at their joint battery cell venture with LG, the Metaplant, outside of Savannah, GA. Once operational, the plant will, with the support of nearby suppliers who are themselves building new factories, produce 300,000 EVs. The autonomous vehicle industry reached a major milestone when California state regulators approved Waymo and Cruise to offer 24/7 paid taxi service in San Francisco, an expansion in service that will propel forward the industry's efforts at wider adoption in other markets. Trucking company Yellow declared bankruptcy after decades-long financial troubles and laid off 30,000 workers on August 7. The bankruptcy has suppliers worried that logistics and shipping costs could climb even higher and strain the automotive supply chain.

-100  
MoM

+4.7%  
YoY

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

The manufacturing sector added 16K jobs in August, which is the highest job gain for manufacturing since Oct 2022. Some economists have pointed to signs of declining orders and negative business conditions, while others claim the sector is stabilizing after a post-pandemic "bullwhip effect." Demand for nondefense capital goods (excluding aircraft) is still near record highs. U.S. Steel has announced it will initiate a formal review of strategic alternatives. The possibility of further consolidation in the steel industry has raised concerns that steel producers would have more leverage to raise already-high prices, and manufacturers of EVs and food cans could be left to rely on as little as one steel supplier. Many supply chain issues are still holding up manufacturing, including electrical and electronic components and semiconductors, which have been experiencing shortages for over 30 consecutive months.

+16K  
MoM

+0.8%  
YoY

# Wages in the United States

How they've changed.

+3.7%



## Consumer Price Index

Inflation increased 0.6% between July and August and 3.7% year-over-year. The energy index alone rose 5.6% over the month. If you take out the volatile energy and food categories, year-over-year inflation declined for the fifth consecutive month.

+4.3%



## Wage Increases

Average hourly earnings for private employees increased 4.3% year-over-year. While this is still strong compared to pre-pandemic wage growth, it is down significantly from last August's y/y growth of 5.9%. Slower wage growth puts less pressure on inflation.

+0.5%



## "Real" Earnings

After adjusting for inflation, real average hourly earnings increased 0.5% between August 2022 and August 2023.

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# References

## Read more about trends in Engineering & Sciences

**UTILITIES:** [IRA drives \\$12.4B into US storage as investments 'juice' an already strong market: Freyr exec](#); [U.S. Utilities: An Attractive Opportunity Within Infrastructure Equities](#); [Dominion Energy, Airports Authority break ground on solar and energy storage project at Dulles International Airport](#); [North American power: Electric utility capex growth is expected to remain robust, but where is the investment going?](#)

**CONSTRUCTION:** [What to know about final Build America, Buy America guidelines](#); [Construction materials prices unchanged, signaling 'stable' costs ahead](#); [Construction Sector Adds 22,000 Employees In August, While Spending Increases In July Despite Downturn In Major Infrastructure Categories](#); [Manufacturing megaprojects gobble up workers](#); [Turner-AECOM Hunt JV wins final approval on \\$2.1B Tennessee stadium](#)

**ARCHITECTURE & ENGINEERING:** [ABI July 2023: Architecture firm billings remain flat](#); [Federal money buoys construction, engineering firms](#)

**AEROSPACE & DEFENSE:** [BAE Systems Sees Potential to Double Ball Aerospace Sales by 2030 With Acquisition](#); [DAF selects JetZero to develop blended wing body aircraft prototype](#)

**HEALTHCARE:** [HEDIS: A Lucrative Option for Nurses](#); [HEDIS Measures and Technical Resources](#); [Mayo Clinic up nearly \\$1B as of 2023's midyear mark thanks to 'overperformance' of core operations](#); [Kaiser Permanente reports \\$2.1B profit, 2.9% operating margin in Q2 2023](#); [For-profit hospitals beat Q2 expectations on rising admissions, expense improvements](#)

**SCIENTIFIC R&D:** [Novartis to lay off another 100-plus employees at US HQ as global restructuring rolls on](#); [Another round of layoffs hits BMS, with 100-plus people impacted after earnings miss](#); [Regeneron, J&J Win HHS Funding to Develop Nex-Gen COVID Products](#)

**AUTOMOTIVE:** [400 more jobs, additional \\$2 billion investment for Hyundai Metaplant](#); [San Francisco Robotaxi Approval for Waymo and Cruise](#); [Trucking bankruptcy highlights auto-industry logistics concerns](#); [Trucking giant Yellow Corp. declares bankruptcy after years of financial struggles](#)

**C&IP:** [All employees, manufacturing](#); [Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft](#); [U.S. Steel Takeover Talk Rattles Manufacturers](#); [U.S. Steel Announces Strategic Alternatives Process](#); [August 2023 Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>](#)