



Labor Market & Economy Report

August 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 August

The U.S. economy added 142,000 jobs in August. Notable job gains occurred in the construction and healthcare sectors, which have been the only sectors consistently adding jobs over the last few months.



Labor Force Participation Rate

The labor force participation rate has stayed within the range of 62.5%-62.8% over the last 12 months, indicating that the share of the U.S. population working or looking for work has been relatively unchanged.



Unemployment Rate

The unemployment rate declined very slightly from 4.3% in July to 4.2% in August. Unemployment rates for STEM labor categories remain very low.



July Layoffs

Layoffs increased slightly to 1.8M in July from 1.6M in June (revised up from 1.5M in last month's report). Quits were relatively unchanged at 3.3M. Note that quits and layoffs data lag one month behind other employment data.

August 2024 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

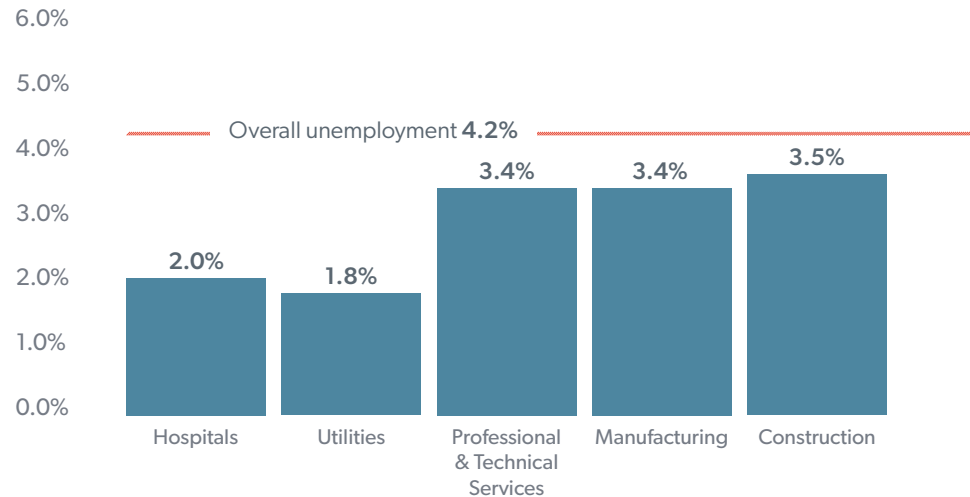


Unemployment Rate for Degreed
Workers

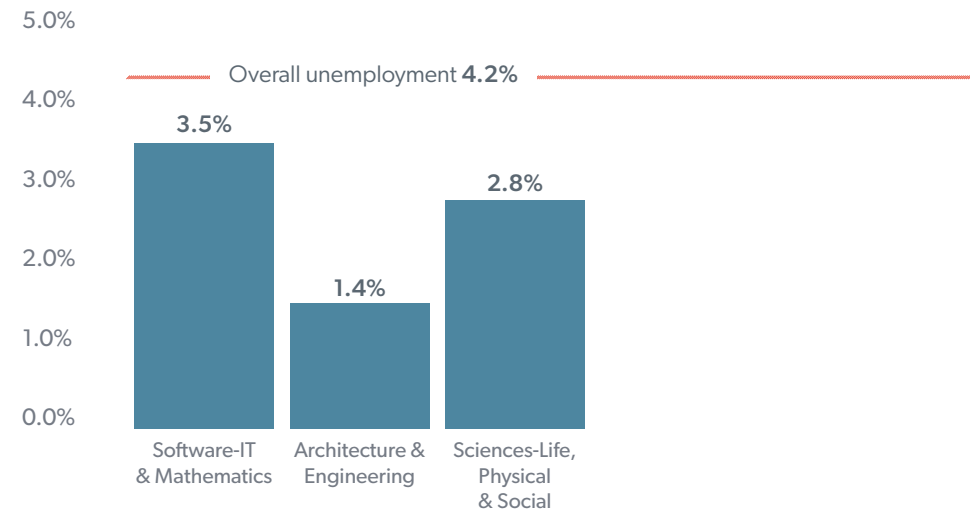


Ratio of unemployed workers
(Software-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening.

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

The U.S. economy added 142,000 jobs in August, with notable gains occurring in construction and healthcare, which have been the only sectors consistently adding jobs over the last few months. Job gains from June and July were both revised down, indicating that the labor market was softer during those months than initially reported. The consumer price index (a measure of inflation) increased 2.5% for the year ending August, making progress toward the Federal Reserve's goal of 2.0%. The softening of both inflation and the labor market likely were contributing factors that led to the Fed lowering interest rates by 50 basis points in September.



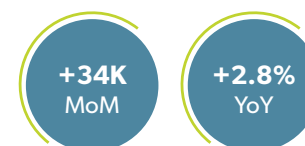
UTILITIES

DOE data revealed that record investments in clean energy led to an increase of 142,000 clean energy jobs in 2023, representing over half of total new jobs in the energy sector and growing at twice the rate of the overall U.S. economy. According to CBRE, data center vacancy rates in primary markets fell to a record low of 2.8% in the first half of 2024, with significant leasing demand from cloud and AI providers. The DOE made several funding announcements in August related to renewable energy, university-based R&D, grid expansion, solar and other utilities projects. Meanwhile, Meyer Burger discontinued its planned construction of a solar cell facility in Colorado, citing financial infeasibility, and Applied Materials cancelled a planned battery plant in Virginia, both of which would have created jobs in the intended markets.



CONSTRUCTION

The construction sector added 34,000 jobs in August, the strongest job growth in five months. A survey by the Associated General Contractors of America and ARCORO reported that over 90% of surveyed contractors are struggling to find construction workers, and 54% of respondents have experienced project delays due to labor shortages. Contractors identified superintendents, project managers/supervisors, and AI personnel/specialists as hard-to-fill salaried jobs. The Associated Builders and Contractors' Construction Backlog Indicator and Construction Confidence Index both fell in August, reflecting the negative effects of persistently high borrowing and project costs. Government data suggests construction input prices have slightly declined over the year, providing some relief for construction firms facing high costs.



ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index for July (latest data available) reported a continuation of slow business conditions for architectural firms. The AIA stated that 54% of surveyed firm leaders who reported longer design times cited "difficulties with permitting, zoning, environmental restrictions, community opposition, etc." as reasons for the extended times. Engineering services firms AECOM, Jacobs, Leidos, and WSP Global were among firms that reported growth in their most recent earnings reports. WSP stated that its strong growth in its Americas region was "predominantly driven by the Transportation & Infrastructure and Property & Buildings market sectors," while AECOM cited demand and funding for "global infrastructure, sustainability and resilience, and the energy transition" as contributors to revenue growth.



MoM = Month over month
YoY = Year over year

Industry Trends, continued

AEROSPACE & DEFENSE

The White House Office of the National Cyber Director hosted a workshop on cybersecurity careers where government, industry and advocacy organizations gathered to discuss the 500,000 unfilled cybersecurity jobs in the U.S. The workshop identified key opportunities and challenges such as identification of necessary skills for skills-based hiring, the need for a faster process to restore military veterans' secret clearances, and consideration of more flexible work arrangements. Leidos has been awarded a \$191M Army mission software modernization contract, for which it will provide "cyber-hardened software and systems engineering, technical services and software integration."



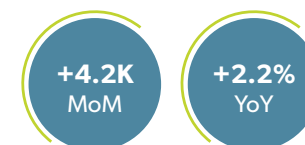
HEALTHCARE

Mercer projects a shortage of 100,000 U.S. healthcare workers by 2028, which could exacerbate disparities in patient care. SIA and Medical Solutions claim that telenursing could alleviate staffing shortages in rural areas, offer job opportunities to nurses who might otherwise retire, and allow virtual nurses to assist with tasks such as consultations and EHR documentation. Lightcast data shows job postings for telehealth nurses were 73% higher in the first eight months of 2024 compared to the same time period in 2019. A study from AI startup Mendel and UMass Amherst detected hallucinations in AI-generated medical summaries, which "can undermine the reliability and accuracy of the medical records." Healthcare systems seeking to address staffing shortages with AI should be aware of the risks that come with the technology.



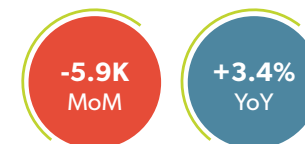
SCIENTIFIC R&D

Over 20 biotech companies announced layoffs in August as restructuring efforts continued, but the scientific R&D industry still added 4,200 jobs. Investments in cell and gene therapy developers have declined this year due to manufacturing and drug delivery challenges, pushing investors towards less risky technologies with easier paths to market. Eli Lilly reported strong Q2 performance, largely driven by high demand for its weight loss/diabetes treatments. Lilly also announced a new R&D center in Boston, MA, where over 700 employees will advance RNA/DNA-based therapies. J&J will acquire heart implant maker V-Wave, strengthening its position in the cardiovascular disease market.



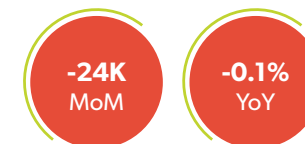
AUTOMOTIVE

As automakers revise their EV plans, the decline in demand for EV parts is leaving many suppliers with stranded capital, causing issues for suppliers who planned on using EV parts sales to pay off investments in retooled factories. Tier 2 and 3 suppliers are the most exposed to these financial risks. The slower demand for EV parts has led some suppliers to lay off staff, risking their ability to recover their workforces when demand picks back up, given the ongoing labor shortages faced by suppliers. GM and Stellantis both announced layoffs last month. With autonomous driving, software, electrification and connectivity becoming prominent themes in the auto industry, many automakers are turning from the industry's traditional hub in Detroit to the West Coast for skilled tech workers.



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

Manufacturing lost 24,000 jobs in August, reflecting a loss of 25,000 jobs in the durable goods industries. Manufacturing indexes continue to point to a contracting manufacturing sector. Amid high operating costs and other economic and financial headwinds, Rockwell, Hubbell, Pentair, Xylem, and other manufacturers have been carefully reassessing their product lines to ensure their resources are directed towards higher-margin products. BLS data reported that Santa Clara County, CA and Williamson County, TX – two technology hubs – saw the largest year-over-year wage increases in Q1 2024, largely driven by wage growth in the manufacturing sector. Cisco will cut its global workforce by 7% to reallocate resources toward fast-growing areas such as AI, cloud, and cybersecurity.



MoM = Month over month
YoY = Year over year

Wages in the United States

How they've changed

+2.5%



Consumer Price Index

The consumer price index, a measure of inflation, increased by 2.5% for the 12 months ending August. Inflation has made significant progress toward the Federal Reserve's goal of 2.0%. The softening of both inflation and the labor market likely were contributing factors that led to the Fed lowering interest rates by 50 basis points in September.

+3.8%



Wage Increases

Average hourly earnings increased by 3.8% for the 12 months ending August. This was slightly above the year-over-year increase of 3.6% recorded in July.

+1.3%



"Real" Earnings

"Real," inflation-adjusted average hourly earnings have increased by 1.3% between August 2023 and August 2024. In other words, despite average hourly earnings increasing by 3.8% year-over-year, workers may only feel as if they're making about 1.3% more, on average, due to the effects of inflation.

References

Read more about trends in Engineering & Sciences

UTILITIES: [DOE Report Shows Clean Energy Jobs Grew at More Than Twice the Rate of Overall U.S. Employment](#); [Data center vacancy rate hits record low in H1 2024 as power supply challenges persist](#); [CBRE](#); [With 10 new climate resilience centers, DOE aims to translate research into local action](#); [Innovative transmission, energy storage projects in 18 states get \\$2.2B from DOE](#); [DOE selects 13 states, Virgin Islands for \\$54M in low-income weatherization, renewables funding](#); [Meyer Burger focuses on module production in Arizona and initiates comprehensive restructuring measures](#); [‘Business has evolved’: Battery plant no longer coming to Lynchburg](#)

CONSTRUCTION: [AGC & Arcoro Survey Materials](#); [AGC & Arcoro 2024 Workforce Survey Analysis](#); [Construction backlog slips as contractors lose confidence](#); [Construction input costs stabilize as contractors eye relief](#)

ARCHITECTURE & ENGINEERING: [Architecture firms reported declining billings for the eighteenth consecutive month in July](#); [AECOM reports third quarter fiscal 2024 results](#); [Jacobs Reports Fiscal Third Quarter 2024 Earnings](#); [Leidos Holdings, Inc. Reports Second Quarter Fiscal Year 2024 Results](#); [WSP Global Inc. Management’s Discussion and Analysis](#)

AEROSPACE & DEFENSE: [Lockheed Martin Engages with White House Office of the National Cyber Director to Address Cyber Workforce Needs](#); [Leidos secures \\$191 million Army mission software modernization contract](#)

HEALTHCARE: [Mercer projects a deficit of over 100,000 healthcare workers in the US by 2028, worsening health disparities and impacting patient care](#); [AI and telenursing: Two trends impacting healthcare staffing](#); [Hallucinations in AI-generated medical summaries remain a grave concern](#)

SCIENTIFIC R&D: [Biopharma Layoff Tracker 2024: Charles River Laboratories, Vesigen, Connect Biopharma and More Cut Staff](#); [Cell and gene therapy investment, once booming, is now in a slump](#); [Eli Lilly boosts sales forecast by \\$3bn as diabetes and weight loss drugs propel revenue](#); [Lilly opens state-of-the-art research and development center in the Boston Seaport](#); [Johnson & Johnson to Acquire V-Wave](#)

AUTOMOTIVE: [The EV sales reality has settled in — and suppliers worry they’ll be left holding the bag](#); [How changing automaker EV plans complicate suppliers’ labor strategies](#); [GM lays off over 1,000 salaried software, services employees](#); [Stellantis to lay off up to 2,450 factory workers as classic Ram production ends](#); [1 big thing: Automakers seek that Silicon Valley vibe — and value](#)

C&IP: [S&P Global US Manufacturing PMI®](#); [August 2024 Manufacturing ISM® Report On Business®](#); [Manufacturers Axe Products as a Factory Slowdown Lingers](#); [Tech areas in California, Texas lead in wage gains](#); [Cisco Systems \(CSCO\) Q4 2024 Earnings Call Transcript](#)

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.

7301 Parkway Drive S., Hanover, MD 21076

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