



Actalent

Labor Market & Economy Report

January 2024 Trends

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



353K

Jobs Gained in January

353,000 jobs were added in January, and November and December 2023's employment gains were both revised upwards, meaning that more jobs were added in those months than initially reported.



62.5%

Labor Force Participation Rate

The labor force participation rate was unchanged at 62.5% and has yet to recover to its pre-pandemic rate of 63.3%.



3.7%

Unemployment Rate

The unemployment rate was 3.7% for the third month in a row, signaling a still-small pool of unemployed workers seeking job opportunities.



1.6M

December Layoffs

Layoffs increased slightly from 1.5M in November to 1.6M in December, staying below the pre-pandemic level of roughly 1.9M. Quits declined very slightly from 3.5M to 3.4M.

January 2024 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

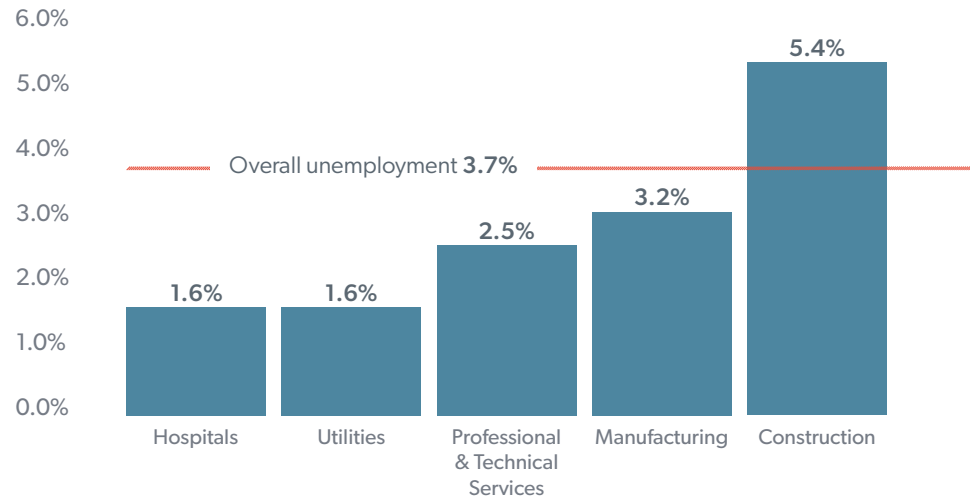


Unemployment Rate for Degreed
Workers

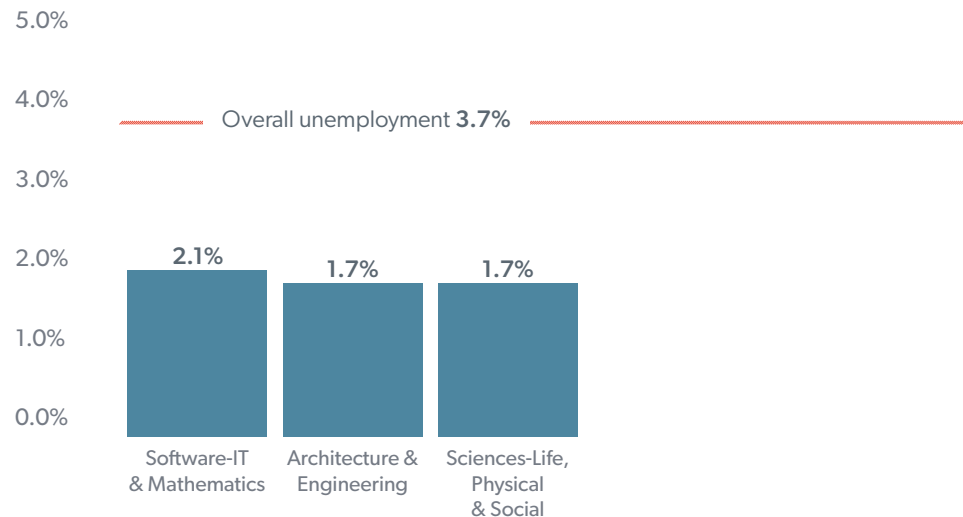


Ratio of unemployed workers
(SW-HW-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening.

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

353,000 more jobs were added to the economy in January. The labor force participation rate and unemployment rate were both unchanged at relatively low levels, suggesting that the labor market remains tight. The Federal Reserve held interest rates in January, stating that they do not anticipate rate cuts until they have "greater confidence that inflation is moving sustainably toward 2 percent." Inflation is making progress but will need to prove that it can keep steadily declining in order for the Fed to make any cuts later this year.



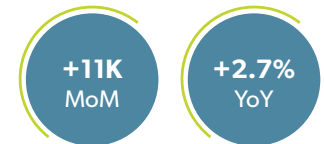
UTILITIES

In 2024, clean-energy tax breaks are expected to drive deals worth tens of billions of dollars, driving quicker and more affordable clean energy projects, according to the U.S. Treasury Department. Despite the number of offshore wind projects that were delayed or canceled in 2023, the offshore wind industry still claims to be short of workers, and more industry-specific training programs have been developed to address the shortage. Dominion Energy received federal approval to begin construction of its 2.6-GW Coastal Virginia Offshore Wind project, which will create a total of more than 1,000 local jobs.



CONSTRUCTION

Several construction projects were delayed in January due to severe weather, but the sector still added 11,000 new jobs. The AGC stated that demand for construction workers remains elevated, explaining that "wages rose faster than in other sectors, job openings at the end of 2023 were at near-record levels..., and construction spending jumped." The ABC has estimated that "the U.S. construction industry needs to attract about a half million new workers in 2024 to balance supply and demand." Taiwan Semiconductor Manufacturing Co. has delayed the construction of a second plant in Arizona, with a main reason being a shortage of skilled workers, since the construction of semiconductor plants requires workers with advanced, niche skill sets that are difficult to find.



ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index for December (latest data available) reported that overall conditions at architecture firms remained soft at the end of 2023, but backlogs averaged 6.7 months, "indicating that most firms still have a significant amount of work in the pipeline." The AIA found that more than half of the surveyed architectural firms had experienced significant project delays, indefinite holds or project cancellations in the past six months, frequently due to insufficient construction budgets and high interest rates. Despite the economic challenges of last year, BLS data shows that the Engineering and Drafting Services industry experienced a net addition of 41.6K jobs in 2023.



Industry Trends, continued

AEROSPACE & DEFENSE

Lockheed Martin faces ongoing supply chain disruptions and has announced a cost-reduction plan for 2024 that will reduce its workforce by 1% through actions such as hiring freezes and voluntary separations. General Dynamics reported record-high quarterly EPS and revenue for the fourth quarter of 2023, as well as a record-breaking backlog of \$93.6B, \$20.5B of which was specific to the Aerospace segment. Quality-control processes within A&D remain under scrutiny after quality issues and product recalls among a handful of companies have raised concerns from the FAA and companies who purchase aircraft and aircraft engines and parts.



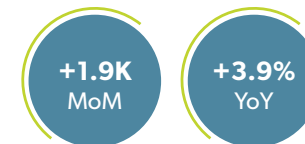
HEALTHCARE

To support the growing demand for healthcare workers, Bloomberg Philanthropies has launched a first-of-its-kind, \$250M initiative to create high schools with the intent to train and graduate students directly into high-demand healthcare jobs that don't require four-year degrees. Gibbons Advisors found that Chapter 11 bankruptcy filings from healthcare companies spiked in 2023, and they predict that rural and standalone hospitals will continue to face profitability and liquidity challenges in 2024. Healthcare organizations including UNC Health, Mayo Clinic, and Elevance Health are ramping up investments in AI to expedite, personalize, and improve healthcare services and processes.



SCIENTIFIC R&D

Johnson & Johnson (J&J) is expecting revenue loss from Stelara's patent expiration as biosimilars in the European market threaten sales, so J&J is relying on several newer medicines to boost sales growth in 2024. Gene therapy continues to be a major trend going into 2024, and companies such as Eli Lilly, Sensorion, and Regeneron are making advancements with hearing-loss treatments targeting the otoferlin gene. After manufacturing issues restricted the supply of starter doses for weight-loss drug Wegovy for almost nine months, Novo Nordisk resumed shipments of the starter doses again in January.



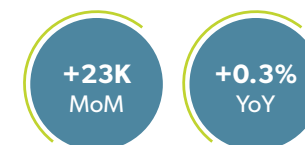
AUTOMOTIVE

Rental firm Hertz is selling ~20,000 EVs from its U.S. fleet and buying more gas-powered vehicles, citing higher expenses related to damage-repair and depreciation for EVs. Due to weaker EV demand, GM is shifting from its "all-in" EV strategy and plans to reintroduce hybrid models in North America to stay committed to emissions goals while giving the U.S. time to keep building its charging infrastructure. A White House official stated that the U.S. is projected to reach, if not surpass, its goal of building a network of 500,000 public EV chargers by 2030, and an additional \$623M in federal grants was announced in January for EV chargers and alternative fueling infrastructure. But to get such a high number of chargers up and running by 2030, the right workforce will be needed to build and maintain the infrastructure.



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

The manufacturing sector is still telling mixed stories of performance. The ISM PMI contracted in January for the 15th consecutive month, although demand improved slightly, and output was stable. Robotics company Fanuc Corporation's sales in its factory automation equipment division fell over 30% in the most recent quarter, and Volvo AB expects its North American construction-equipment sales to fall up to 10% in 2024. As part of cost-reduction programs in January, Google laid off employees from its hardware, voice-assistant, and engineering teams, and Microsoft and Amazon laid off workers in their gaming and streaming divisions. Meanwhile, IBM's book of business for AI nearly doubled between Q3 and Q4 of 2023, and Eaton Corp. is benefitting from data center expansions and growing demand for its electrical products.



Wages in the United States

How they've changed.

+3.1%



Consumer Price Index

Inflation increased 3.1% for the 12 months ending January, down from December's reading of 3.4%. "Core" inflation – CPI for all items less food and energy (two volatile categories) – was 3.9% for the 12 months ending January, the same as December's increase. Inflation is making progress in the right direction, but core inflation will need to prove that it can keep falling without settling around 3.9-4.0%.

+4.5%



Wage Increases

Average hourly earnings increased by 4.5% for the 12 months ending January. This pace of wage growth was faster than December's (4.1%), which is good news for workers seeking higher pay but bad news for inflation, since faster wage growth puts pressure on inflation.

+1.4%



"Real" Earnings

Since wage increases outpaced inflation in January, "real" average hourly earnings increased 1.4% for the 12 months ending January.

References

Read more about trends in Engineering & Sciences

OVERALL: [BLS Employment Situation Summary](#); [Federal Reserve issues FOMC statement](#)

UTILITIES: [Companies Are Snapping Up New Clean-Energy Tax Credits](#); [Renewable Energy Outlook: Addressing supply chain, project hurdles...](#); [Final Federal Approvals for Dominion Energy's Coastal Virginia Offshore Wind](#)

CONSTRUCTION: [Construction Industry Adds 11,000 Jobs In January As Severe Weather Hampers Projects...](#); [ABC: 2024 Construction Workforce Shortage Tops Half a Million](#); [TSMC delays \\$40B Arizona chip factory again](#)

ARCHITECTURE & ENGINEERING: [ABI December 2023: Architecture firm billings remain soft to end the year](#)

AEROSPACE & DEFENSE: [Lockheed Martin to cut 1% of its jobs in cost-cutting push](#); [General Dynamics Reports Fourth-Quarter and Full-Year 2023 Financial Results](#); [Brooke Sutherland on quality issues in the A&D industry](#)

HEALTHCARE: [Bloomberg Philanthropies Launches First-of-Its-Kind Innovative Healthcare-Focused High Schools...](#); [Chapter 11 bankruptcies spiked across healthcare in 2023, particularly for hospitals](#); [Microsoft's AI 'copilot' takes off with Epic as UNC Health, Lifespan expand tech to more doctors](#); [JPM24: Mayo Clinic deepens AI commitment with new Cerebras Systems deal](#); [Elevance Health wants to use AI to simplify and personalize healthcare...](#)

SCIENTIFIC R&D: [J&J focuses on newer meds to offset Stelara patent cliff](#); [Lilly gene therapy finding puts focus on hearing loss treatment pipeline](#); [Novo resumes supplying starter doses of obesity drug Wegovy](#)

AUTOMOTIVE: [Rental giant Hertz dumps EVs, including Teslas, for gas cars](#); [Hertz SEC Form 8-K](#); [GM will bring plug-in hybrids back to North America in strategy shift](#); [U.S. on track to 'meet and exceed' goal of 500,000 public EV chargers](#)

C&IP: [January 2024 Manufacturing ISM® Report On Business®](#); [Brooke Sutherland coverage of FANUC and Volvo AB](#); [Google lays off hundreds in hardware, voice assistant teams amid cost-cutting drive](#); [Big tech is thriving despite the layoffs](#); [IBM Releases Fourth-Quarter Results](#); [Eaton Reports Record Fourth Quarter 2023 Results...](#)