



Labor Market & Economy Report

July 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 July

U.S. employment increased by 114K jobs in July, with gains mostly concentrated in healthcare, construction and transportation and warehousing. Employment in the information sector declined by 20K jobs, and other industries experienced minimal change.



Labor Force Participation Rate

The labor force participation rate increased 0.1% to 62.7% between June and July.



Unemployment Rate

The unemployment rate increased from 4.1% in June to 4.3% in July. The share of workers who are unemployed and actively seeking employment has risen by 0.6% since the beginning of the year.



June Layoffs

Layoffs decreased from 1.7M in May to 1.5M in June. Quits decreased slightly from 3.4M to 3.3M but were down by 434K over the year.

July 2024 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

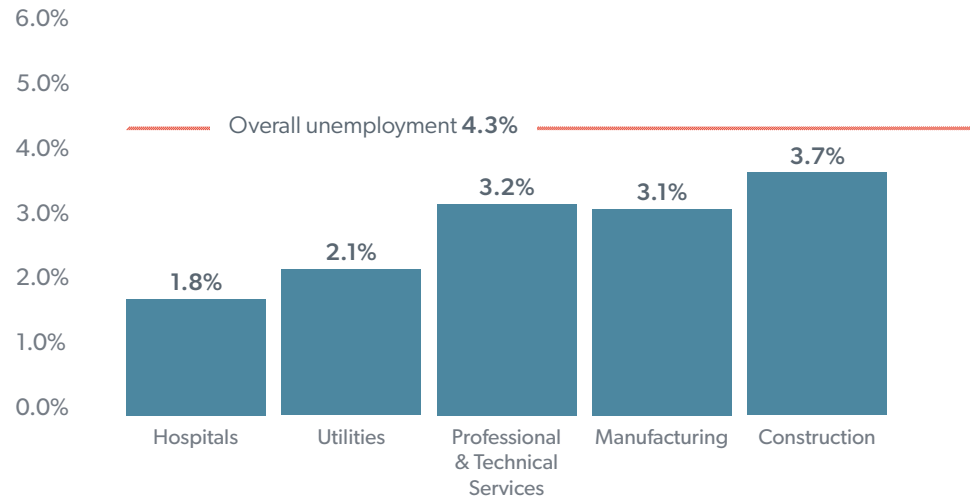


Unemployment Rate for Degreed
Workers

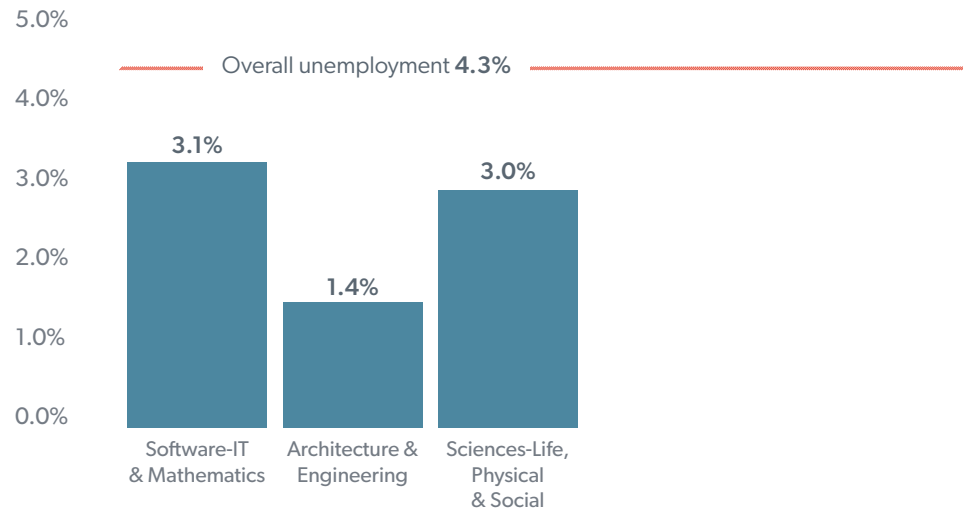


Ratio of unemployed workers
(Software-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening.

Unemployment rates by industry



Unemployment rates by labor category

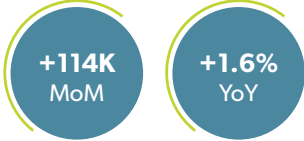


Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labor category or industry.

Industry Trends

OVERALL ECONOMY

The U.S. economy added 114,000 jobs in July. For comparison, 184,000 jobs were added in July 2023, 690,000 in July 2022, and 939,000 in July 2021. Thus, the labor market has significantly “cooled” over the last two years. Job gains were once again concentrated in the construction and healthcare sectors, while the other industries that Actalent works with experienced minimal employment change. The unemployment rate reached 4.3%, the highest rate in over two years. Signs of weakness in the labor market and slowing inflation have increased investor confidence that the Federal Reserve could consider cutting interest rates in September, which would be good news for any company that is sensitive to interest rates or dependent upon venture capital.



UTILITIES

Amazon’s 2023 Sustainability Report highlights that the company matched 100% of its electricity consumption with renewable energy, meeting its goal seven years earlier than its 2030 target. According to Mercom Capital Group, solar companies have taken on more debt in 2024 as venture capital funding has slowed, and M&A activity has declined as “solar project timelines have grown longer and less certain on account of growing interconnection backlogs, labor shortages and equipment shortages.” Still, companies like NextEra are benefitting from strong demand for renewables and data center power. The FBI released a Private Industry Notification (PIN) warning that the expansion of renewable energy could increase the risk of cyber attacks and reminding the renewable energy industry of cybersecurity best practices.



CONSTRUCTION

According to Census data, construction spending for both private nonresidential and residential spending fell slightly month-over-month but still increased year-over-year, suggesting that month-to-month fluctuations have not impacted long-term growth. Construction spending on data centers increased for the thirteenth consecutive month and rose 62.4% year-over-year. Microsoft has announced several new data centers in recent months, including plans for centers in La Porte, IN and San Antonio, TX. Life sciences infrastructure investments continue to drive construction activity. In July, Jacobs was selected to provide engineering, procurement and construction management services for Fujifilm’s expansion, while BE&K secured a contract for Novo Nordisk’s expansion, both in North Carolina.



ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index for June (latest data available) reported a decline in billings for the seventeenth consecutive month and reported that many firms anticipate business conditions to remain soft until interest rates are cut. According to Lightcast, job postings from the architectural and engineering services industry have increased by 5% over the last three months. The Maryland Transportation Authority received federal environmental approval for the reconstruction of the Francis Scott Key Bridge and released a Request for Proposals (RFP) for the General Engineering Consultant contract, which is expected to be awarded in February 2025.



MoM = Month over month
YoY = Year over year

Industry Trends, continued

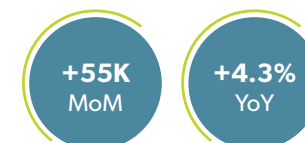
AEROSPACE & DEFENSE

High maintenance costs and ongoing supply chain issues have made several airlines more willing to consider generic PMA replacement parts (Parts Manufacturer Approval, or PMA, is granted by the FAA). PMA manufacturer Chromalloy estimates the off-brand commercial aircraft parts market could “swell to about \$14 billion in 2030, up from \$10.7 billion in 2022.” Defense companies including Honeywell Defense & Space, Leidos Defense Systems, Lockheed Martin, Northrop Grumman and RTX reported strong Q2 2024 performance, citing “the current geopolitical climate and further supply chain improvements” (Honeywell), improved program execution (Leidos) and high demand.



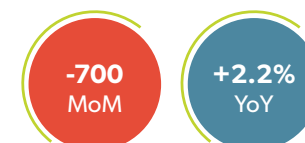
HEALTHCARE

The AHA reported that CrowdStrike’s outage in July impacted different health systems to varying degrees, but some dealt with technology disruptions that resulted in “clinical procedure delays, diversions or cancellations.” Incidents like the CrowdStrike outage highlight the importance of thorough software testing, especially when a company’s technology is used in sectors as critical as healthcare and aviation. A Yahoo Finance article suggests that growing opportunities “outside of traditional healthcare like telehealth and consulting for startups” have contributed to surging demand for healthcare workers, in addition to the often-cited aging population and burnout among hospital staff.



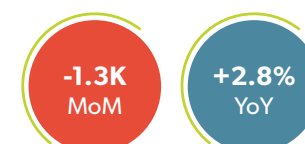
SCIENTIFIC R&D

According to MedTech Dive’s analysis of WARN filings, over 14,000 employees in the medical device industry have been laid off in the last 18 months, with the diagnostics industry taking the biggest hit. Boehringer Ingelheim’s lawsuit challenging the Inflation Reduction Act’s (IRA) Medicare price negotiations was rejected in the U.S. District Court of Connecticut. Novo Nordisk, Merck and Novartis are among other drug companies with lawsuits related to the IRA drug pricing, and many pharma companies have expressed concerns about the program’s potential impact on future innovation. While the CDC currently deems the H5 Bird Flu a low public health risk, the U.S. HHS has provided \$176M in funding to Moderna for the development of an mRNA-based influenza vaccine to strengthen the nation’s pandemic response capabilities.



AUTOMOTIVE

The DOE is awarding \$1.7B from the Inflation Reduction Act (IRA) “to support the conversion of 11 shuttered or at-risk auto manufacturing and assembly facilities across eight states” to manufacture electric vehicles and EV parts, collectively creating over 2,900 jobs. Meanwhile, slowing sales growth, high prices and uncertain political outcomes have led many automakers – including Bentley, GM, Ford, Volvo and others – to adjust their EV strategies. Many automakers have delayed EV production and/or refocused current production goals toward gas-powered or hybrid vehicles. Automotive supplier Gestamp is planning to invest \$390.2M into the expansion of three existing plants and the construction of a new plant in Chesterfield Township, MI, to supply GM, creating a total of up to 580 new jobs in Michigan.



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

U.S. manufacturing indexes from both ISM and S&P Global reported contraction in the manufacturing sector in July, both noting a decline in new orders. Food and beverage manufacturers are facing a surge in regulatory and compliance obligations and will need to respond quickly to meet deadlines set by the FDA’s Food Safety Modernization Act and the SEC’s climate-related disclosures. Despite a challenging economic environment, many food and beverage manufacturers continue to invest in their infrastructure, most notably in automation and data strategies, to improve demand forecasting and optimize production. Intel announced a \$10B cost-reduction plan “to increase efficiency and market competitiveness” which will include capital expenditure cuts and a headcount reduction of roughly 15,000 jobs by the end of 2024.



MoM = Month over month
YoY = Year over year

Wages in the United States

How they've changed

+2.9%



Consumer Price Index

The consumer price index, a measure of inflation, increased by 2.9% for the 12 months ending July. Inflation is slowly making its way toward the Federal Reserve's goal of 2.0%, so many analysts believe an interest rate cut could occur before the end of the year.

+3.6%



Wage Increases

Average hourly earnings increased by 3.6% for the 12 months ending July. This was slightly below the year-over-year increase of 3.9% recorded in May.

+0.7%



"Real" Earnings

"Real," inflation-adjusted average hourly earnings have increased by 0.7% between July 2023 and July 2024. In other words, despite average hourly earnings increasing by 3.6% year-over-year, workers may only feel as if they're making about 0.7% more, on average, due to the effects of inflation.

References

Read more about trends in Engineering & Sciences

UTILITIES: [2023 Amazon Sustainability Report](#); [Solar companies take on more debt as investor interest continues to stagnate](#); [NextEra Energy reports second-quarter 2024 financial results](#); [FBI PIN: Expansion of US Renewable Energy Industry Increases Risk of Targeting by Malicious Cyber Actors](#); [Renewable energy, microgrids face growing cyber threats: FBI](#);

CONSTRUCTION: [Construction Spending Slides 0.3 Percent In June As Drop In Homebuilding And Major Public Segments Outweighs Selected Nonresidential Gains](#); [Microsoft plans \\$1 billion data center in northwest Indiana](#); [Microsoft plans \\$482m data center in San Antonio, Texas](#); [Fujifilm taps Jacobs for \\$1.2B manufacturing site expansion](#); [BE&K to build \\$4.1B Novo Nordisk facility in North Carolina](#)

ARCHITECTURE & ENGINEERING: [ABI June 2024: Business conditions remain soft at architecture firms](#); [Francis Scott Key Bridge Rebuild Moves Ahead...](#)

AEROSPACE & DEFENSE: [Airplane Parts Shortage Boosts Appeal of Generic Alternatives](#); [Honeywell Delivers Strong Second Quarter Results...](#); [Leidos Holdings, Inc. Reports Second Quarter Fiscal Year 2024 Results](#); [Lockheed Martin Reports Second Quarter 2024 Financial Results](#); [Northrop Grumman Reports Second Quarter 2024 Financial Results](#); [RTX Reports Q2 2024 Results](#)

HEALTHCARE: [CrowdStrike Technology Outage Causing Global Disruption, Including Impacts on Hospitals](#); [After the CrowdStrike Outage: What Can We Learn?](#); [Healthcare workers are in demand — and the industry can't get enough of them](#)

SCIENTIFIC R&D: [Medtech firms have cut more than 14,000 jobs in the past 18 months](#); [With Boehringer ruling, industry extends legal losing streak against Medicare price negotiations](#); [Boehringer Ingelheim Pharmaceuticals v. Dep't of Health and Human Services](#); [HHS provides \\$176 million to develop pandemic influenza mRNA-based vaccine](#)

AUTOMOTIVE: [DOE allocates \\$1.7B to convert auto factories to EV production and supply](#); [Domestic Manufacturing Conversion Grant Program](#); [Automakers reverse course on EV targets](#); [GM supplier to invest \\$390M in new Michigan plant, factory expansions](#)

C&IP: [July 2024 Manufacturing ISM® Report On Business®](#); [S&P Global US Manufacturing PMI®](#); [RSM Food and beverage industry outlook](#); [Compliance catalyst for change and growth for food and beverage companies](#); [Intel Reports Second-Quarter 2024 Financial Results](#); [Announces \\$10 Billion Cost Reduction Plan to Increase Efficiency and Market Competitiveness](#)

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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