



Labor Market & Economy Report

June 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 June

U.S. employment increased by 206,000 jobs in June, exceeding expectations. Job gains primarily occurred within government, health care, social assistance and construction, while other industries experienced minimal change.



Labor Force Participation Rate

The labor force participation rate slightly increased from 62.5% to 62.6% between May and June.



Unemployment Rate

The unemployment rate increased from 4.0% to 4.1% between May and June, rising by 0.1% for the third month in a row.



May Layoffs

Layoffs increased from 1.5M to 1.7M between April and May. Quits were essentially unchanged at 3.5M.

June 2024 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

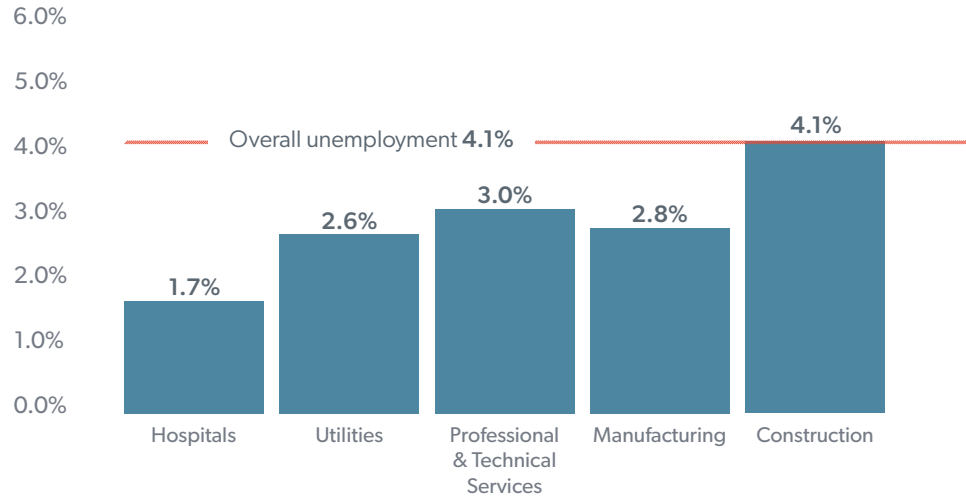


Unemployment Rate for Degreed
Workers

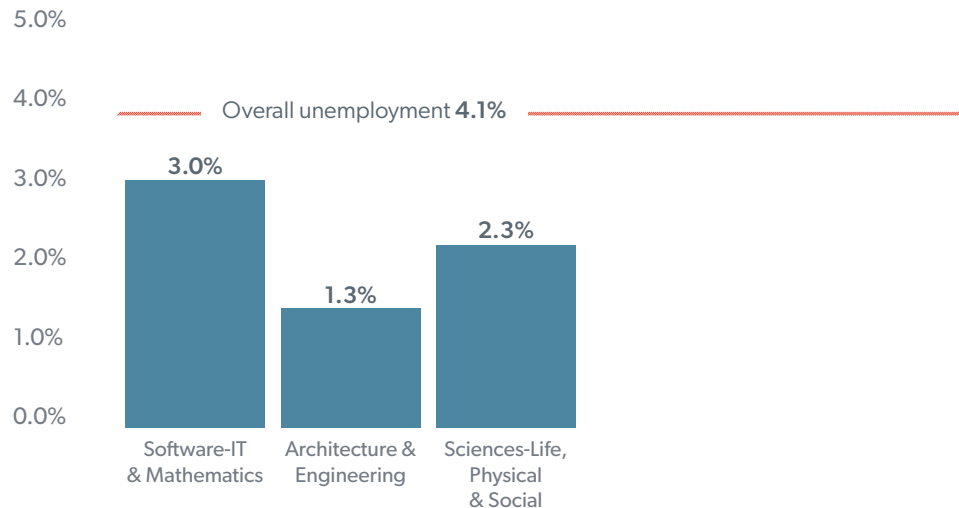


Ratio of unemployed workers
(Software-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening.

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

U.S. employment increased by 206,000 jobs in June, exceeding expectations. Job gains from both April and May were revised down, suggesting that the labor market has cooled more than initially reported. The unemployment rates for software-IT-mathematics and sciences labor categories have both increased slightly; however, the unemployment rates for STEM labor categories and the industries that hire those workers are still below the national average. Job gains were, once again, concentrated in the government, health care, social assistance and construction industries.



UTILITIES

Recent U.S. energy data revealed that, for the first time, renewables accounted for over 30% of U.S. electricity generation in April 2024, underscoring the nation's growing investments in renewable energy. BP's new CEO is reportedly imposing a hiring freeze and pausing new offshore wind projects while refocusing on oil and gas, which could be a move intended to win over investors who were dissatisfied with BP's energy transition strategy. With significant projected load growth ahead, utilities are collaborating more with tech companies like NVIDIA and IBM to leverage advanced computing and AI, but regulatory and data privacy barriers are complicating this work.



CONSTRUCTION

Total construction spending declined very slightly between April and May (latest data available) but was up by 6.4% year-over-year (YOY), with notable spending increases from Public Safety (+29.9% YOY) and Manufacturing (+20.3% YOY). While construction spending from the private office category slipped 1.7% YOY, the AGC states, "that total hides a 69.0 percent jump in data center construction, which nearly offset an 18.5 percent plunge in spending on actual private offices." Although the number of job openings in the construction sector has declined in recent months, the ABC claims that the sector is still facing "widespread labor shortages." Quits in the sector outweighed the number of layoffs according to the latest government data, which Construction Dive says could be another sign of a tight labor market.



ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index for May (latest data available) reported a decline in billings for the sixteenth consecutive month, stating that, "despite the fact that the high inflation of the last few years has largely receded, elevated interest rates continue to cause hesitation among many clients." Stantec has been selected to provide engineering services for the Pure Water San Diego program in California and the Orangeburg Railroad Corner Development in South Carolina. Jacobs has been selected as the lead designer for a freight corridor in Washington State and will also provide engineering, procurement and construction management services for the expansion of FUJIFILM in North Carolina.



MoM = Month over month
YoY = Year over year

Industry Trends, continued

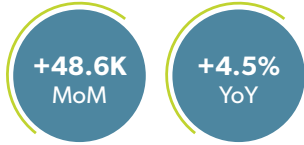
AEROSPACE & DEFENSE

Airbus has lowered its jet output and financial targets for 2024 due to supply chain issues impacting deliveries of engines, cabin components, landing gear and aerostructures, with the Airbus CEO claiming supply chain issues could persist for another 2-3 years. United Airlines has cut its 2024 hiring plans as a result of delayed aircraft deliveries from Boeing. The Financial Times reported that near-record-high orders are prompting global defense companies to hire workers “at the fastest rate since the end of the cold war.” RTX has mentioned notable challenges in hiring engineers, skilled laborers and security clearance holders. Cognizant will acquire Belcan to expand its ER&D capabilities.



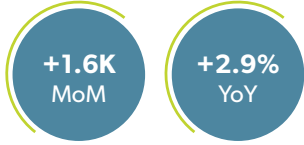
HEALTHCARE

According to Fierce Healthcare, five of the top ten nonprofit health systems with the highest 2023 operating revenues still recorded operating losses as high inflation, staff shortages, insufficient reimbursement rates and other high expenses weighed down margins. An SVB report claims that 1 in 4 healthcare VC dollars are currently invested in companies leveraging AI, and that a large majority of AI healthcare investment is first going toward administrative AI since it carries less risk and faces less regulatory hurdles compared to clinical AI. PwC has emphasized the need for cybersecurity programs alongside AI in the health sector, and National Nurses United has expressed concerns about the risks associated with the deployment of “unproven” AI in healthcare systems.



SCIENTIFIC R&D

Private U.S. drug companies reportedly raised \$3.8B during Q1 2024, supporting claims that venture investment is stabilizing at pre-pandemic levels. As clinical-stage companies are receiving funding, less money is going toward pre-clinical companies, and investors are showing more favor toward M&A and pharma partnerships than IPOs given the current macroeconomic environment. As part of its portfolio prioritization efforts in preparation for several patent expirations, Bristol Myers Squibb has discontinued its collaboration with Eisai on the development of drugs for lung and ovarian cancer. If the BIOSECURE Act is passed into law, the mix of CDMOs in partnership with U.S.-based drugmakers could be changed, impacting costs, clinical trial progress, regulatory submissions and drug launches.



AUTOMOTIVE

VW Group and Rivian are forming a joint venture to create “next-generation electrical architecture” and software technology to accelerate the rollout of software-defined vehicles for both companies. Automakers and charging companies such as ChargePoint, Electrify America, EVgo and others are replacing legacy EV charging equipment, improving software, expanding charging sites and taking other steps to improve charging access and reliability. Stellantis has implemented cost-cutting measures and is planning \$200M in headcount reductions by year-end. Toyota is investing \$282M into its Huntsville, AL engine plant and adding 250 jobs to build differentials, rear axles and other drivetrain products.



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

New orders for non-defense capital goods excluding aircraft fell by -0.6% month-over-month and by -0.2% year-over-year in May (latest data available), suggesting that CAPEX is slowing. Despite the lag in new orders, this measure of CAPEX is still fluctuating around historic highs. PwC reported that job postings requiring AI skills have grown “3.5 times faster globally than postings for all jobs since 2016,” and there is a significant wage premium associated with AI jobs. More funding from the CHIPS and Science Act has been announced, with semiconductor supplier Entegris receiving \$75M for a new manufacturing center and Rocket Lab receiving \$25M for increased solar cell production. Manufacturers of products ranging from frozen foods to trucks have announced plant closures as they try to fix overhead costs and profitability.



MoM = Month over month
YoY = Year over year

Wages in the United States

How they've changed

+3.0%



Consumer Price Index

The consumer price index, a measure of inflation, increased by 3.0% for the 12 months ending June, down from the 3.3% increase recorded in May. The rate at which inflation has been increasing has slowed for three consecutive months.

+3.9%



Wage Increases

Average hourly earnings increased by 3.9% for the 12 months ending June. This was slightly below the year-over-year increase of 4.1% recorded in May.

+0.8%



"Real" Earnings

Because wage increases outpaced the consumer price index, "real," inflation-adjusted average hourly earnings increased by 0.8% between June 2023 and June 2024. In other words, average hourly earnings are keeping up with inflation, although consumers may still be feeling the pressure of higher prices.

References

Read more about trends in Engineering & Sciences

UTILITIES: [Renewables surpass 30% of U.S. electrical generation for the first time; BP halts hiring, slows renewables roll-out to win over investors; As NVIDIA, IBM and others apply AI to boost utilities, regulatory and data privacy obstacles abound](#)

CONSTRUCTION: [Monthly Construction Spending, May 2024; Construction Spending Slips 0.1 Percent In May...; ABC: Construction Job Openings at 339,000 in May; Down By 38,000 From May 2023; Job openings remain flat](#)

ARCHITECTURE & ENGINEERING: [ABI May 2024: Business conditions at architecture firms continue to soften; Stantec selected to continue providing program management...; Stantec-designed Orangeburg Railroad Corner Development breaks ground...; Jacobs Selected to Design Critical Freight Corridor in Washington State; Jacobs Selected to Support Delivery of \\$1.2B Expansion of FUJIFILM...](#)

AEROSPACE & DEFENSE: [Airbus cuts key targets and takes hefty Space charge; Airbus deliveries suffer from parts shortages on engines, aerostructures and more; United Airlines cuts hiring plans for 2024 due to Boeing delays; Global defence groups hiring at fastest rate in decades amid record orders; Cognizant To Acquire Belcan For Approximately \\$1.3 Billion...](#)

HEALTHCARE: [The top 10 nonprofit health systems by 2023 operating revenue; The AI-Powered Healthcare Experience; Health services: US Deals 2024 midyear outlook; National Nurses United pushes back against deployment of 'unproven' AI in healthcare](#)

SCIENTIFIC R&D: [As biotech recovers, venture firms' preferences appear to shift; Eisai and Bristol Myers cancel cancer ADC deal; BIOSECURE Act: Implications for US-based drug developers; BIOSECURE Act could impact US biopharma drugs with half in clinical-stage development](#)

AUTOMOTIVE: [Rivian and Volkswagen Group Announce Plans for Joint Venture...; How automakers and charging companies plan to simplify EV charging; Stellantis signals more job cuts ahead in cost-reduction crusade; Toyota invests \\$282 million, adds 350 jobs to Alabama engine plant](#)

C&IP: [US core capital goods orders fall sharply in May; Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft; Postings for AI jobs rise 3.5 times faster than for all jobs; Entegris to get \\$75M in CHIPS funding for Colorado plant; Rocket Lab to receive \\$24M in CHIPS funding, expand New Mexico plant; The Real Good Food Company Announces Leadership Changes and Supply Chain Optimization; Hino Motors to close Arkansas plant, lay off 1,300 workers](#)

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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