



# Labor Market & Economy Report

May 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 May

U.S. employment increased by 272,000 jobs in May. Job openings declined to 8.1M in April (latest data available), the lowest level since February 2021 but still above the pre-pandemic norm.



### Labor Force Participation Rate

The labor force participation rate declined from 62.7% in April to 62.5% in May, indicating that the share of the population either working or looking for work shrunk slightly.



### Unemployment Rate

The unemployment rate increased from 3.9% in April to 4.0% in May. This is the first time the unemployment rate has reached 4.0% since January 2022.



### April Layoffs

Layoffs declined slightly from 1.6M in March (revised upward from 1.5M) to 1.5M in April. Quits increased slightly from 3.4M in March to 3.5M in April.

# May 2024 Market Trends

A closer look at  
unemployment by industry  
and labor category



Overall Unemployment Rate

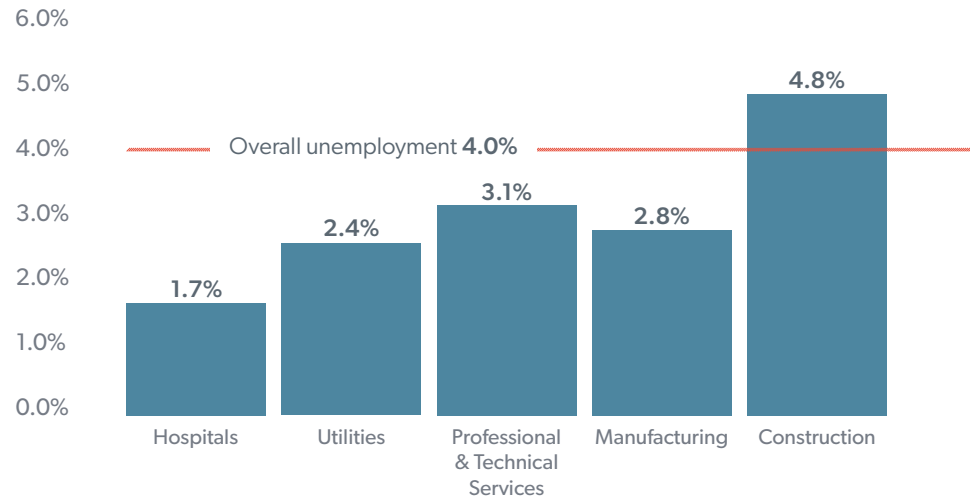


Unemployment Rate for Degreed  
Workers

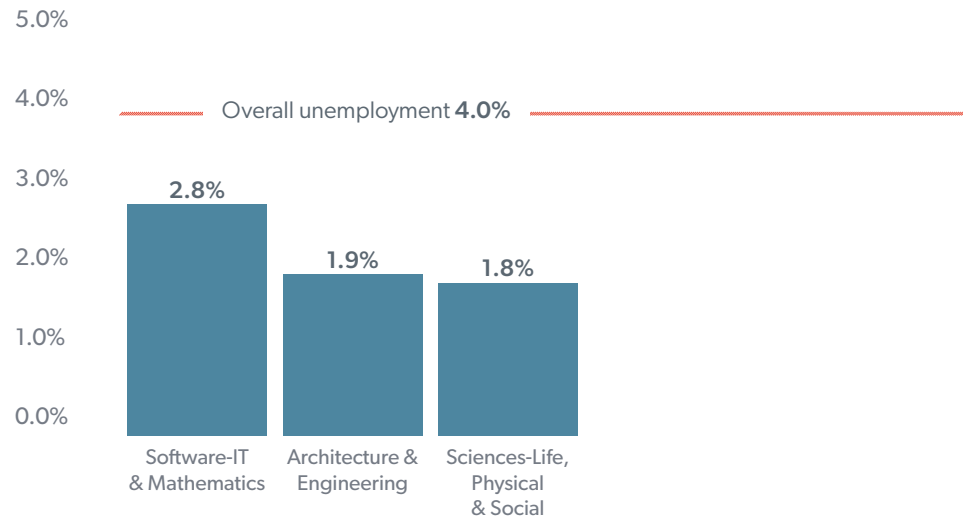


Ratio of unemployed workers  
(Software-IT & Mathematics,  
Architecture & Engineering,  
Sciences) available per job  
opening.

### 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 272,000 jobs in May, exceeding economists' expectations. Strong job gains occurred in healthcare; government; leisure and hospitality; and professional, scientific and technical services. At the same time, unemployment increased slightly to 4.0% and the labor force participation rate fell slightly to 62.5%. Economists, analysts and policymakers continue to debate about whether or not the Federal Reserve will lower interest rates in 2024, but in the meantime, high interest rates and elevated operational costs continue to be cited by companies as reasons for restructuring efforts and delayed or cancelled projects, all of which tend to negatively impact hiring activity.

+272K  
MoM

+1.8%  
YoY

## UTILITIES

On May 22, the DOE opened its application portal (open for 30 days) for the second round of funding for the Qualifying Advanced Energy Project Credit (48C) Program, offering up to \$6B in tax credits. According to Utility Dive, the first round of 48C funding allocated approximately \$4B to over 100 projects related to clean energy, industrial decarbonization and critical materials, with ArcelorMittal, Highland Materials and Entek receiving some of the largest awards. National Grid plans to invest \$35B in Massachusetts and New York over the next five years to harden the grid and reduce emissions. National Grid claims it will support 127,000 jobs by the end of the decade.

+1.3K  
MoM

+2.4%  
YoY

## CONSTRUCTION

Construction spending in April (latest data available) fell by 0.1% over the month but was up 10.0% year-over-year. The Associated Builders and Contractors noted that "manufacturing construction spending has pushed overall nonresidential activity 31.9% higher over the past two years." Microsoft is expanding its commitment to its Mount Pleasant, WI data center (contracted out to Walsh Construction) by investing \$3.3B into its cloud and AI infrastructure capacity, which is expected to bring "2,300 union construction jobs to the area by 2025." With the U.S. at the halfway mark of the Infrastructure Investment and Jobs Act, only 38% of the funding has been announced so far, and the American Society of Civil Engineers has warned that infrastructure progress could be disrupted when the federal program expires in 2026.

+21K  
MoM

+3.1%  
YoY

## ARCHITECTURE & ENGINEERING

The architectural and engineering industry added 9,900 jobs in May, exceeding the average monthly gain of 3,200 over the prior 12 months. The AIA Architectural Billings Index for April (latest data available) reported a decline in billings for the fifteenth consecutive month along with a decline in the value of newly signed design contracts as high interest rates continued to contribute to hesitation surrounding new projects. In their latest earnings call, AECOM highlighted strong revenue and a record-high backlog, and leadership expressed optimism around demand created by PFAS, infrastructure, water scarcity, transportation, energy and environmental projects.

+9.9K  
MoM

+2.6%  
YoY

## Industry Trends, continued

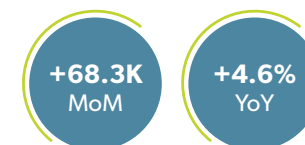
### AEROSPACE & DEFENSE

Defense new orders for capital goods increased by 15.2% in April (latest data available), driving growth in orders for durable goods. GE Aerospace plans to hire over 900 engineers in 2024, noting strong demand for experienced engineers for disciplines including “mechanical and thermal design, analysis, systems, controls, and aerodynamics.” GE Aerospace’s hiring intentions are related to the company’s growing investments in R&D, manufacturing facilities and supply chain to support both its current aircraft and the development of sustainable technology for future aircraft. Lockheed Martin has partnered with SAS Industries to develop a tool suite called HercFusion, which leverages machine learning and AI to predict when parts may need to be replaced.



### HEALTHCARE

The healthcare sector added an average of 64,000 jobs on a monthly basis for the 12 months leading up to May. Kaufman Hall’s latest National Hospital Flash Report stated that hospital margins could be “settling on a new normal,” but the divide between high-versus-low-performing hospitals is widening. Ascension was impacted by a ransomware attack in May, preventing access to electronic health record systems and disrupting patient care as a result. Cybersecurity has become a major concern in the healthcare sector: a record-high 725 large healthcare security breaches occurred in 2023, and a 2024 survey revealed that over 85% of health systems have increased their IT budgets.



### SCIENTIFIC R&D

There were 323 drug shortages in Q1 2024, the highest since the ASHP started tracking shortages in 2021. High demand, manufacturing quality issues, production delays, market exits and longstanding issues in the generics market have contributed to the shortages. To meet surging demand for its obesity and diabetes drugs, Eli Lilly is investing \$9B in a new manufacturing site in Lebanon, Indiana, which is expected to create “200 new full-time jobs in Indiana for scientists, engineers, technicians, and other skilled workers.” Pfizer plans to expand its cost-cutting program by another \$1.5B and has confirmed this action will involve layoffs, although the count or type of impacted roles was not disclosed. Takeda announced a \$900M restructuring plan and has already cut 18 drug programs from Phase 1 or 2 testing.



### AUTOMOTIVE

Rivian has received an \$827M incentive package from the State of Illinois, which will go toward the expansion of manufacturing operations, a second manufacturing-job training academy, and the creation of over 500 new jobs in Normal, IL to support the production of Rivian’s mid-sized SUV, R2. Rivian is also expected to maintain at least 6,000 jobs in Illinois. Daimler Truck showcased its first autonomous and electric demonstrator truck last month, and it plans to launch its autonomous trucks in the U.S. in 2027. Daimler is also exploring ways to advance charging infrastructure to reduce the time spent charging these trucks. Cooling consumer demand for EVs has caused many automakers, such as Ford and GM, to scale back EV production, which has inevitably reduced the number of jobs some of these plants are anticipated to create.



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

Employment gains have significantly slowed as macroeconomic headwinds have weighed down the manufacturing sector: two years ago, 19,000 new manufacturing jobs were added in May 2022, yet only 8,000 jobs were added to the sector in May 2024. John Deere is reportedly laying off a portion of its global production and management workforce, citing “rising operational costs and declining market demand.” Peloton is also laying off 400 employees as part of a restructuring program as it continues to face slow demand and financial challenges compared to its pandemic-era success. Several tech companies investing in AI are looking for “tier-one AI talent” – workers experienced with AI or large language models – but the supply of talent with advanced AI experience is low, given the rapid pace at which this technology is evolving.



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# Wages in the United States

How they've changed

+3.3%



## Consumer Price Index

Inflation increased by 3.3% for the 12 months ending May, slightly down from the 3.4% increase recorded in April. "Core" inflation – CPI for all items less food and energy (two volatile categories) – increased by 3.4% year over year. Inflation has declined slightly for two months in a row but remains above the Federal Reserve's goal of 2%.

+4.1%



## Wage Increases

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

+0.8%



## "Real" Earnings

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

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# References

## Read more about trends in Engineering & Sciences

**UTILITIES:** [Qualifying Advanced Energy Project Credit \(48C\) Program](#); [\\$6B in Inflation Reduction Act tax credits for advanced energy projects open this month](#); [National Grid Commits to Investing \\$35 Billion in New York & Massachusetts to Meet Decarbonization Goals and Build a Stronger, Cleaner Grid](#)

**CONSTRUCTION:** [ABC: Nonresidential Construction Spending Slips 0.3% in April, Remains Near Record High](#); [Microsoft announces \\$3.3 billion investment...](#); [Microsoft plows \\$3.3B into data center at former Foxconn site](#); [At halfway mark, majority of infrastructure law funds yet to be spent](#); [ASCE Bridging the Gap: Economic Impacts of National Infrastructure Investment, 2024-2043](#)

**ARCHITECTURE & ENGINEERING:** [ABI April 2024: Pace of billings decline at architecture firms slows slightly](#); [AECOM Q2 2024 Earnings Call](#)

**AEROSPACE & DEFENSE:** [Monthly Advance Report On Durable Goods Manufacturers' Shipments, Inventories And Orders April 2024](#); [GE Aerospace to hire more than 900 engineers this year](#); [HercFusion: Transforming C-130 Maintenance with AI Tech](#)

**HEALTHCARE:** [Kaufman Hall National Hospital Flash Report](#); [Healthcare Hacks Increasing in Scale](#); [AHA, H-ISAC warn hospitals about Black Basta following Ascension cyberattack](#); [Security Breaches in Healthcare in 2023](#)

**SCIENTIFIC R&D:** [As drug shortages reach record highs, regulators weigh next steps](#); [Lilly Doubles Down on Indiana with \\$9 Billion Manufacturing Investment](#); [Pfizer expands cost cuts with new \\$1.5B target](#); [Takeda targets 'efficiency' in restructuring, pipeline cuts](#)

**AUTOMOTIVE:** [Company intends to increase capacity of plant to manufacture R2, its midsized SUV](#); [Rivian will add more than 500 jobs in Normal to make new EV crossover](#); [Daimler Truck unveils its first autonomous, battery electric eCascadia](#); [New jobs in doubt as Ford and GM change plans for massive Michigan EV factories](#)

**C&IP:** [John Deere announces more workforce layoffs amid rising costs](#); [Peloton is laying off workers and replacing the CEO — again](#); [Tech Workers Retool for Artificial-Intelligence Boom](#)

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### 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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