



# Labor Market & Economy Report

## September 2023

### 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 September

336K jobs were added to the economy in September. The private sector added 263K jobs and the government added 73K jobs – solid gains for both sectors.



### Labor Force Participation Rate

After increasing for the first time in five months in August, the labor force participation rate was unchanged in September.



### Unemployment Rate

The unemployment rate was unchanged at 3.8% in September. 3.8% is considered low; that is, the supply of unemployed workers looking for jobs is limited.



### August Quits

Quits were little changed in August. Quits are down from record numbers recorded in 2022, suggesting that Americans are either more satisfied with their current jobs or less confident in finding new work.

# September 2023

## Market Trends

A closer look at  
unemployment by industry  
and labor category



Overall Unemployment Rate

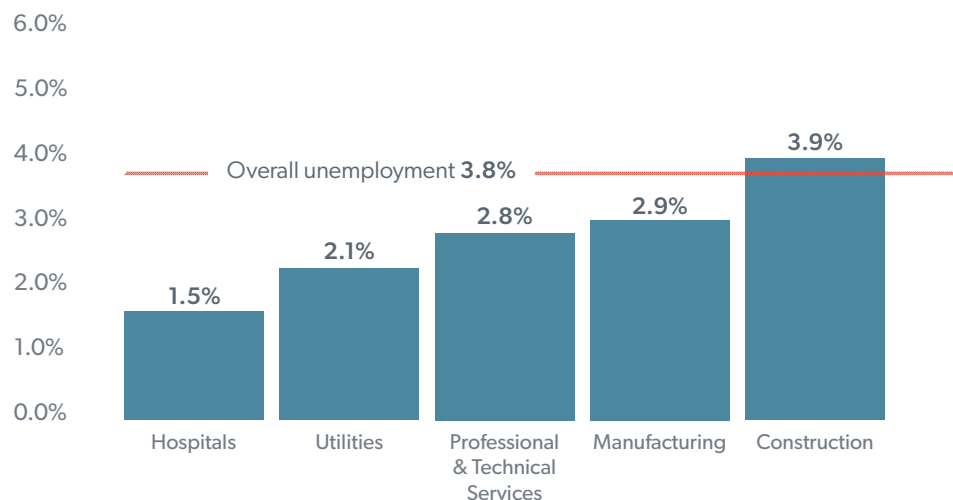


Unemployment Rate for Degreed  
Workers

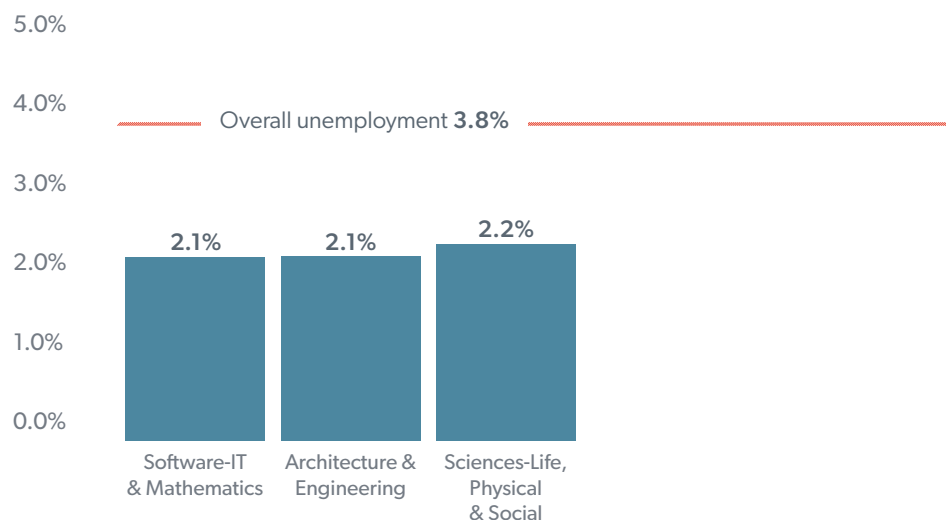


Ratio of unemployed workers  
(SW-HW-IT & Mathematics,  
Architecture & Engineering,  
Sciences) available per job  
opening.

■ 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

September data revealed a stronger labor market than expected. Some economists were anticipating nonfarm payrolls to grow by 170,000, but they grew by 336,000 instead. Additionally, employment levels for July and August were revised upward by 79,000 and 40,000, respectively. Other data did not indicate as much of an acceleration, however: the unemployment rate and labor force participation rates were unchanged, and wage growth grew at a slightly slower pace.

+336K  
MoM

+2.1%  
YoY

## UTILITIES

Xcel Energy filed a proposal with the Colorado Public Utilities Commission on Sept. 18 to “double the amount of renewable resources on its system and improve transmission infrastructure to boost reliability around the state.” Xcel’s plan would include up to \$15B of investments by 2030 and aims to help Colorado reach its goal of delivering 100% renewable energy through its utilities by 2024. As part of its historical investments in offshore wind and solar energy, Dominion Energy has filed a proposal with the Virginia SCC to test two new technologies that could potentially outperform and replace lithium-ion batteries.

+4.8K  
MoM

+1.4%  
YoY

## CONSTRUCTION

A new report by Procore Technologies and the AGC found that, “78% of civil and infrastructure construction firms expect their project backlog to increase or remain the same over the next year as new federal infrastructure funding ramps up,” but many of those firms are concerned that their progress could be hampered by labor shortages and productivity challenges. Total construction spending grew by 0.5% in August (latest data available) with increases occurring in the manufacturing, power, highway and street, office, healthcare, and single-family and multifamily residential segments. Construction Dive identified labor shortages, supply chain disruptions, inflation and material costs as contractors’ top concerns in 2023 and into 2024.

+11K  
MoM

+2.8%  
YoY

## ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index for August (latest data available) fell to 48.1, an indicator of slower business conditions. The AIA reported that inquiries into new projects remain strong but said there are “signs that the pipeline of future work may be starting to slow.” Firms specializing in commercial and industrial experienced billings growth for a third consecutive month. Many smaller, private architecture firms who depend on loans to fund projects and hire staff have been negatively impacted by high inflation, high interest rates, and tighter lending standards. Still, A&E services industry leaders such as AECOM, Jacobs, Stantec, and WSP reported very strong backlogs and high performance in their latest earnings reports.

+1.2K  
MoM

+3.7%  
YoY

## Industry Trends, continued

### AEROSPACE & DEFENSE

Analysts quoted by McKinsey & Co. say the space market could grow to \$1T by 2030, but a shortage of skilled and experienced workers could interfere with that growth. Axios points out that competition for skilled engineers, data analysts, and other technical skill sets among organizations such as Blue Origin, SpaceX, and NASA is occurring as engineering graduates in the US are declining. Defense spending increased substantially in August (latest data available) as the government announced additional security assistance for Ukraine. Manufacturers' new orders for defense aircraft and parts increased by 19.2%, and new orders for defense capital goods increased by 18.6%.

+8.9K  
AUGUST

+5.4%  
AUGUST

### HEALTHCARE

Kaufman Hall reported that, "while hospital operating margins remain below historical levels, overall conditions have stabilized in 2023," as of August (latest data available). Headwinds of the past year resulted in many healthcare systems reporting high expenses and operating losses. Ascension's CFO stated, "The aftereffects of the COVID-19 pandemic, continued healthcare worker staffing shortages, ongoing supply chain challenges and persistent inflation were headwinds we faced throughout the last fiscal year." Nonetheless, health systems such as Mayo Clinic, Sutter Health, and Mass General Brigham have started to see improvement in recent months thanks to volume-driven revenue growth, according to Fierce Healthcare.

+40.9K  
MoM

+3.8%  
YoY

### SCIENTIFIC R&D

While many small-to-medium biotech companies are still struggling to obtain funding, overall R&D spending within the biotech industry remains strong. RSM expects "strong equity investment through 2023 and into 2024" and says that "leveraged buyouts and mergers of equals will continue to lead investment" for biotechs and CRO/CDMOs. J&J's pharmaceutical drug division, Janssen, will be renamed J&J Innovative Medicine as part of its plan to split its pharmaceutical-medical device business and its consumer health business into two companies. Novartis confirmed it would spin-off its generics and biosimilars division, Sandoz, as a separate business entity on Oct. 4 as part of an effort to realign the business, cut costs, and focus on its core therapeutic areas.

+4.1K  
MoM

+4.4%  
YoY

### AUTOMOTIVE

With the support of federal government subsidies, North American battery plant capacity is planned to expand by 370% by 2025. This trend will create increased demand for manufacturing workers across the so-called "Battery Belt," which includes many states in the Southeast and Midwest, as well as some high-tech hubs capable of R&D support, such as Boston, Detroit, and San Francisco. Despite high interest rates and higher prices, J.D. Power reported that roughly 3.9M new cars and trucks were sold in the third quarter, an increase of about 17% year-over-year. The UAW began a strike against the Detroit Three – Ford, GM, and Stellantis – when the union's contracts with all three automakers ended on September 14. As of September 30, approximately 25,000 unionized workers were on strike across 43 locations. Negotiations were ongoing at the end of the month.

+8.9K  
MoM

+4.9%  
YoY

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

As supply chain issues continue to ease, some industry experts such as Brooke Sutherland point out that some of the 2023 slowdown in manufacturing could be a result of the resurgence of "just in time" manufacturing and companies de-stocking after inventory levels became too high. Sutherland mentions GE, who recently hosted a showcase for "lean manufacturing" and is implementing more strategic inventory practices rather than maintaining "pandemic-era buffers" or "just in case" inventory. Meanwhile, September's manufacturing index reported month-over-month sector improvement for the third month in a row, along with employment expansion and slower headcount reductions. Manufacturers' unfilled orders (backlogs) for key C&IP industries such as industrial machinery, electrical equipment, and consumer goods remain very high, indicating that there is still a lot of work to be done within the sector.

+17K  
MoM

+0.7%  
YoY

# Wages in the United States

How they've changed.

+3.7%



## Consumer Price Index

Inflation grew 3.7% over the last 12 months. Core inflation (all items minus food and energy) rose 4.1%, down from August's increase of 4.3%.

+4.2%



## Wage Increases

Average hourly earnings increased 4.2% year-over-year, following a trend of slowing wage growth over the last three months.

+0.5%



## "Real" Earnings

After adjusting wages for inflation, real average hourly earnings increased 0.5% year-over-year in September.

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# References

## Read more about trends in Engineering & Sciences

**OVERALL:** [Reuters: economists predicting 170,000 jobs added in September](#)

**UTILITIES:** [Xcel Colorado proposes \\$15B plan to double renewables, add gas and energy storage capacity](#); [Dominion Energy turns to lithium-ion battery alternatives...](#)

**CONSTRUCTION:** [78 Percent Of Civil Contractors Expect Project Backlog Increase Or Remain The Same...](#); [Construction Spending Grows 0.5 Percent In August...](#); [Inside contractors' top concerns in 2023 and into 2024](#)

**ARCHITECTURE & ENGINEERING:** [ABI August 2023: Business conditions soften at architecture firms](#); [AECOM Q3 Press Release](#); [Jacobs Q3 Press Release](#); [Stantec Q2 Earnings Presentation](#); [WSP Q2 Results](#)

**AEROSPACE & DEFENSE:** [A giant leap for the space industry](#); [Space's looming labor problem](#); [Monthly Advance Report on Durable Goods...](#); [Biden Administration Announces Additional Security Assistance for Ukraine](#); [U.S. durable-goods orders climb on higher military spending](#)

**HEALTHCARE:** [Kaufman Hall September 2023 National Hospital Flash Report](#); [Ascension posts \\$2.7B net loss in fiscal year 2023, driven by rising expenses](#); [Mass General Brigham's finances improved in fiscal Q3...](#)

**SCIENTIFIC R&D:** [Strong R&D pipeline signals strength for life sciences services companies](#); [Johnson & Johnson Marks New Era as Global Healthcare Company with Updated Visual Identity](#); [Johnson & Johnson Announces Plans to...Separate Consumer Health Business](#); [Novartis Confirms Sandoz Spin-Off Plans, Sets Oct. 4 Completion Date](#)

**AUTOMOTIVE:** [EV Manufacturing benefits the Southeast, Michigan](#); [Automakers Notch Double-Digit Sales Gains for Third Quarter](#)

**C&IP:** ['Just-in-Time' Manufacturing Reasserts Itself](#); [Measure of US Manufacturing Posts Best Performance in Nearly a Year](#); [Manufacturers' Unfilled Orders: Consumer Goods](#); [Manufacturers' Unfilled Orders: Industrial Machinery Manufacturing](#); [Manufacturers' Unfilled Orders: Electrical Equipment Manufacturing](#)