

> Key Economy and Labor Market Indicators

235k jobs gained in August

These lower than expected numbers are largely attributed to uncertainty regarding COVID-19 and the Delta variant.

61.7% labor force participation rate

Marginal improvement from July — 3M fewer people are working or looking for work than before the pandemic (it was 63.3% in Feb 2020). Hiring remains more difficult in a shallower labor market.

5.2% August's overall unemployment rate

Actalent labor categories have far lower unemployment levels. Four-year college degreed workers have a 3.1% unemployment rate and overall unemployment levels fell from July.

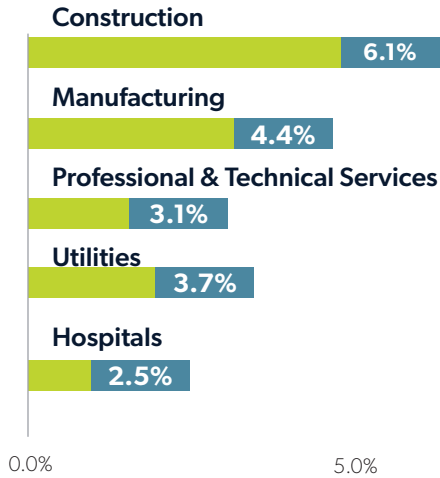
- More workers are quitting. 3.97M workers quit jobs in July, a **3%** increase from June, just shy of April's record 4M quits. *A record-breaking 69% of separations (layoffs or quits) were workers quitting.*
- The talent drought is evident comparing the ratio of unemployed workers to job openings in Actalent's core labor categories. *Software-Hardware-IT & Mathematics, Architecture & Engineering and Life, Physical, and Social Sciences all have under 0.4 unemployed workers per job opening over the last 3 months (June-August), continuing a trend of fewer unemployed in these areas.*
- In late August as the Delta wave intensified, 42% of workers were worried about returning to the workplace and contracting COVID-19 compared to 24% reporting fear in June 2021.
- While enhanced unemployment benefits expired nationwide, more factors limiting talent availability or slowing hiring remain: *Delta variant concerns, child-care limitations and K-12 school quarantines, skills and geographic mismatch.*

> Industry Employment Trends

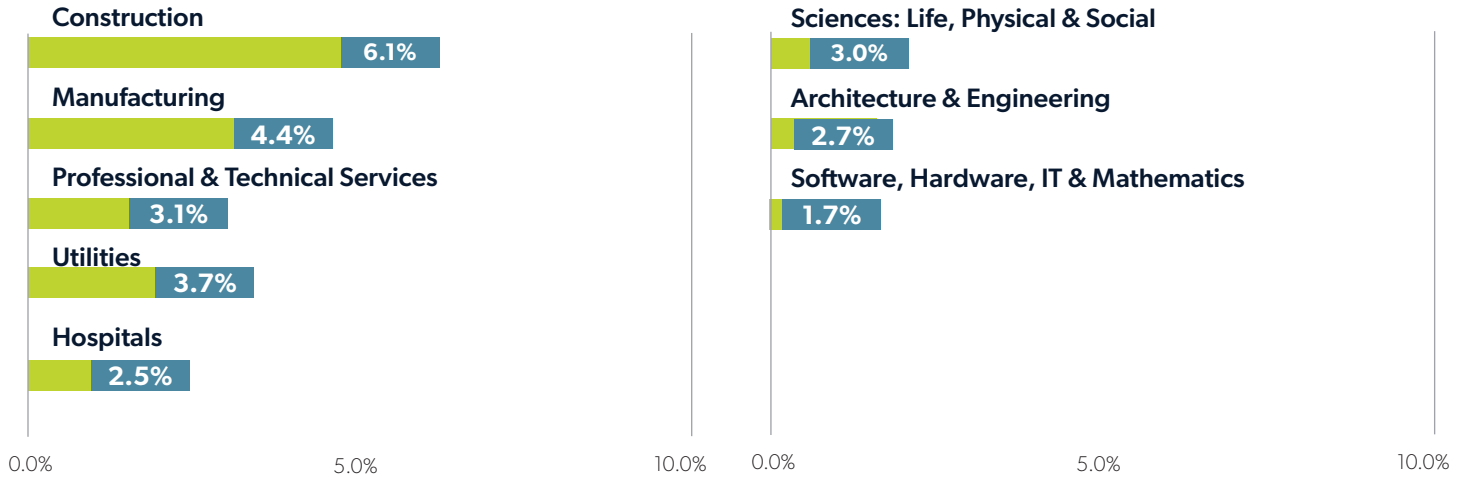
Industry	Monthly Job Change + YoY Difference	Trends Impacting Hiring?
Overall Economy	235K (4.3%)	Hiring gains were concentrated in industries less exposed to Delta variant negative effects on consumer behavior, leading to smaller than expected overall job gains. Hiring remained difficult with the labor force barely growing, unemployment fell to 5.2% and more possible workers stayed on the sidelines as COVID-19 fears and complications rose. Only 57% of working-age Americans are at least 2 weeks past final vaccination dose, leaving 43% at elevated risk of infection and illness. Business investment levels, especially capital expenditures, remain elevated.
Manufacturing (Mfrg)	37K (2.9%)	Amid record hiring demand, production worker overtime, hiring, orders, and backlogs all were elevated. Supply chain disruption intensified from semiconductors to commodities to logistics bottlenecks. Manufacturing wage growth is at its fastest pace since 1982 while hiring difficulty is high. The high level of order backlog will keep manufacturers prioritizing digitalization, process optimization and supply chain repair for months to come.
Automotive Mfrg	24.1K (3.7%)	OEM production cuts persisted in August as the semiconductor shortage worsened and impacts spread to heavy truck production. Despite these headwinds, payrolls grew as vehicle demand and backlog remains high and will be elevated for months to come. EV sales and demand are soaring, forcing OEMs and suppliers to accelerate investing \$300B+ in new facilities and expansion, which will lead to new engineering hiring needs.
Healthcare	-4.9K (1.4%)	As the Delta wave crashed into the healthcare system, for only the second time in 2021, employment declined as elective procedures were postponed and home health and nursing homes shed jobs. Vaccine booster shot campaigns, expanded health insurance coverage, and the eventual end of the Delta wave bringing back patient services all loom as hiring and revenue drivers for healthcare companies heading into autumn.
Scientific R&D Services	7.4K (9.1%)	Job growth continues to be at elevated levels as the industry sees rapid growth. A rolling 3-month average of interventional clinical trials showed a 10% growth trend, suggesting continuing healthy demand for clinical trial services and talent. Demand for oncology clinical trial experience remains robust while remote patient monitoring continues expanding.
Construction	-3K (2.7%)	Heavy & Civil Engineering Construction lost 8.3K jobs as non-residential construction continues to face increasing material costs, logistics snafus and delayed projects. Companies continue renovating or modifying their existing structures, providing a growth area for the industry.
Architectural & Engineering Services	18.7K (5.3%)	August saw the largest job gain in A&E history. July's ABI Index, a 9-12-month leading indicator of nonresidential construction, showed business conditions are improving, a positive sign for future non-residential Construction in 2022 and plenty of design work in 2021 for A&E firms. Firms expect more business in the 2nd half of 2021 while client requests are increasing for facility renovation, restarting stalled projects and new builds.

> Unemployment Analysis

UNEMPLOYMENT by Industry



UNEMPLOYMENT 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.

> The State of Hybrid and Remote Work

- With remote work for nearly two years a possibility at a significant number of large companies, 41% of workers surveyed in August preferred to stay remote, up from 29% in January 2021.
- The share of online job searches for remote positions jumped 460% between June 2019 and June 2021 per Glassdoor, reflecting widespread growth across many labor categories.
- Wider adoption of remote work is changing hiring geography as more companies realize they no longer compete locally for talent but are in a national talent competition in nearly every market, especially with Silicon Valley companies.
- Amid the more contagious Delta variant, August was the first month in 2021 not to see remote work decline from peak 2020 pandemic levels.
- LinkedIn reports remote work interest is strongly intensifying. 30% of all job applications were for remote work in August compared to 10% last August.
- 67% of workers in a late August survey said they would work in a hybrid setting vs only 4% who wanted full-time work in the workplace. Many workers are quitting over inflexible work arrangements, with 89% saying it was important in their decision to seek a new job.

What does this mean?

As more companies postpone or alter existing return to office and hybrid work outlines (or are still in the process of planning them),

- + 18 months have passed of productive, successful work for the 25+ million workers who work remotely or in a hybrid work setting. This includes hundreds of thousands of workers who were hired and trained remotely
- + the turnover tsunami could see another wave later this year/early 2022 as more companies pursue full-time RTO or keep changing hybrid work schedules.