

Labor Market Analysis

NOVEMBER 2022 JOBS REPORT

# A Look at October's *Trends*



**ASTON CARTER®**

# Labor Market *Analysis*

October's labor market saw continued growth with a total of 261,000 jobs gained overall — 233,000 in the private sector and 28,000 in government employment. The unemployment rate ticked up to 3.7% as the labor force participation rate declined slightly to 62.2%. Among other factors preventing some from participating in the labor force, total persons who missed work in October due to an illness-related absence increased 8%.<sup>1</sup> Compared to the pre-pandemic average, childcare availability remains a huge barrier with 135% more parents missing a week of work as they face childcare challenges.

Job openings jumped from last month's 10.1M to 10.3M — a staggering 54% higher than pre-pandemic levels. Furthermore, the overall number of quits declined to 4.06M but remains 17%<sup>2</sup> higher than pre-pandemic levels. Overall, as the number of job openings continues to climb, the labor market remains tight for most industries even as demand begins to decelerate.

## October's Market Trends at a Glance



## Industry Trends



### Consumer Services

While consumer spending declined in retail,<sup>3</sup> with computers and electronics taking the largest hit, retailers report continued challenges<sup>4</sup> in hiring for seasonal positions amid a tight labor market. Larger companies, however, are offering lucrative overtime<sup>5</sup> to current employees in lieu of hiring more seasonal labor. The hospitality sector is also withholding longer-term optimism — while bookings haven't yet declined, the window between reservations and hotel stays has narrowed, causing the sector to lower its 2023 outlook.



### Professional & Business Services

Overall activity in the services sector grew for the 29th month in a row. However, reports did indicate a decline<sup>6</sup> in the use of corporate headquarters, including Amazon's push for call center positions to work from home<sup>7</sup> as they plan to close physical offices — continuing remote work trends as a means of cost savings rather than a point of contention with employees.



### Manufacturing

Manufacturing employment is now higher than pre-pandemic levels, while overall activity and production remain elevated in October. Although new orders fell, backlogs decline as customers slow down and even cancel orders. Supply chain pressures continue their decline<sup>8</sup> back to normal levels<sup>9</sup> with pricing and transportation as the largest hurdles.



### Finance & Insurance

Recent losses, climate change fears and the increased value of the dollar are all contributing to a price increase<sup>10</sup> for insurers looking to renew their reinsurance, which is likely going to make for a tight market in 2023. Despite news of potential layoffs, five of the six largest banks saw headcount grow<sup>11</sup> in Q3. Financial institutions reported a record \$1.2B of ransomware<sup>12</sup> filings in 2021, highlighting the need for governance, risk and compliance roles.

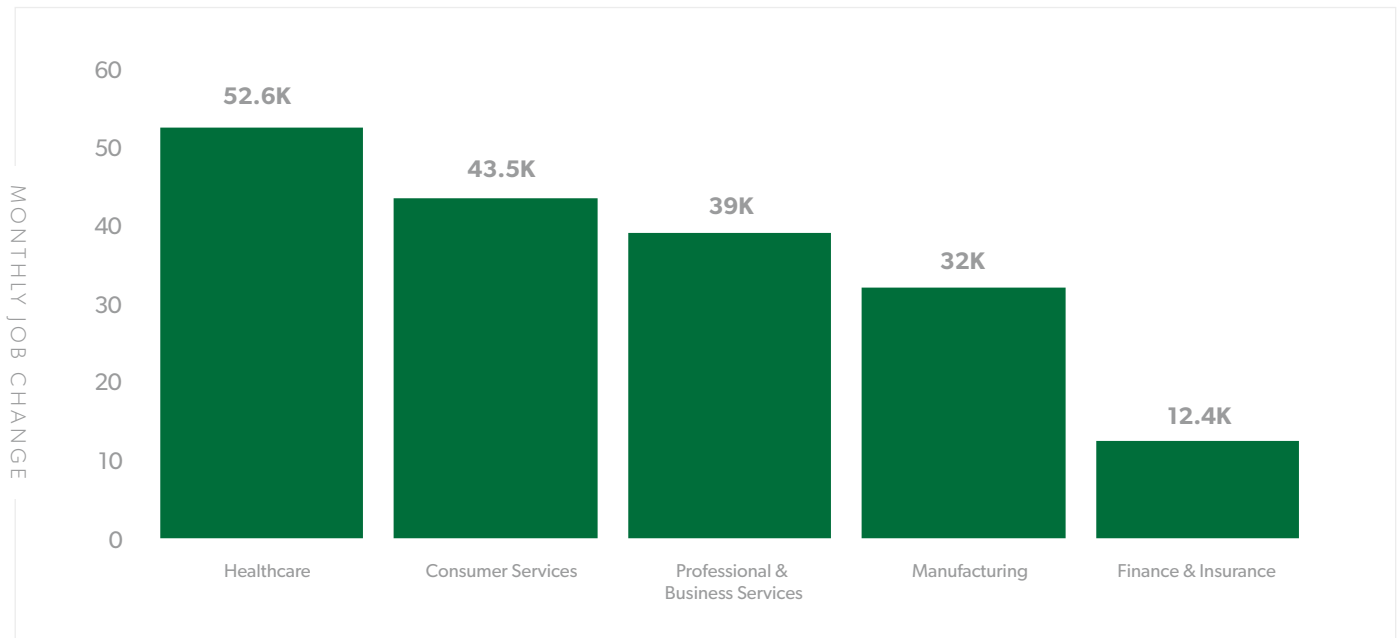


### Healthcare

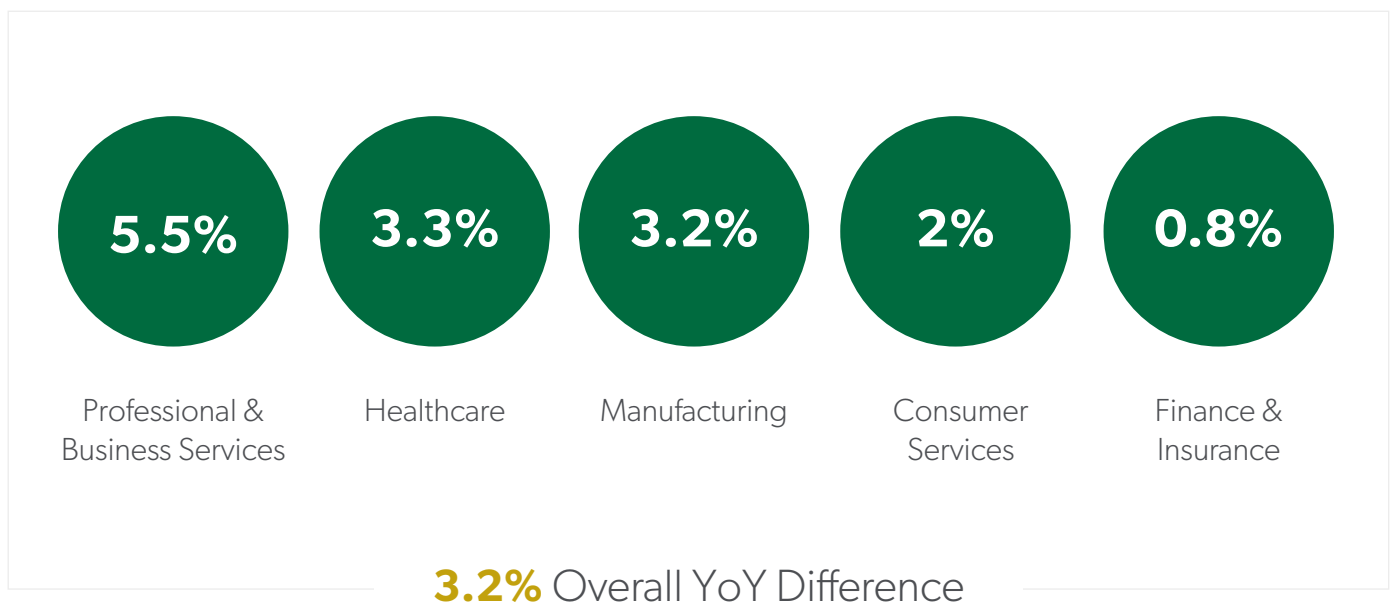
Some large healthcare companies reported Q3 profits greater than those seen in 2021,<sup>13</sup> citing increased Medicare and Medicaid enrollment as the driving factor. With 2.2 million uninsured Americans<sup>14</sup> residing in the remaining 12 states that haven't expanded Medicaid, South Dakota's ballot initiative which approves Medicaid expansion could signal a changing trend in other holdouts, significantly impacting healthcare needs.

## Job Gains/Losses by Industry

Source: U.S. Bureau of Labor Statistics



## Year-Over-Year Difference



## Highest Demand Growth Markets

### Accounting & Finance

Jobs openings in accounting and finance declined 4.2% (rolling three-month average) but still saw significant growth within roles such as auditors and tax accountants. The governance, risk and compliance sector decreased slightly (3%) with sustained growth in compliance analysts and investment analyst roles.

#### Florida

Jacksonville

#### Pennsylvania, New Jersey

Allentown, Bethlehem, Easton

#### Colorado

Colorado Springs

#### Nebraska, Iowa

Omaha, Council Bluffs

#### New Mexico

Albuquerque

#### Kansas

Wichita

#### North Carolina

Greensboro, High Point

### Customer Support

The demand for customer support workers in call centers remained steady in October. Call center demand remains elevated at about 19% above the three months leading up to the pandemic.

#### Arizona

Phoenix, Mesa, Chandler

#### Florida

Tampa, St. Petersburg, Clearwater

#### Minnesota, Wisconsin

Minneapolis, St. Paul, Blooming-

#### Illinois, Indiana, Wisconsin

Chicago, Naperville, Elgin

#### Georgia

Atlanta, Sandy Springs, Alpharetta

#### New York, New Jersey

New York, Newark, Jersey City

#### Florida

Miami, Fort Lauderdale, Pompano

### Operations & Administrative

For operations and administrative positions, the rolling three-month average declined by 4.6%. The most significant growth remained for in-demand occupations such as claims adjusters and administrative supervisors.

#### Rhode Island, Massachusetts

Providence, Warwick

#### Alabama

Huntsville

#### New York

Albany, Schenectady, Troy

#### Kansas

Wichita

#### Oregon

Salem

#### New Jersey, Pennsylvania

Allentown, Bethlehem, Easton

#### Nebraska

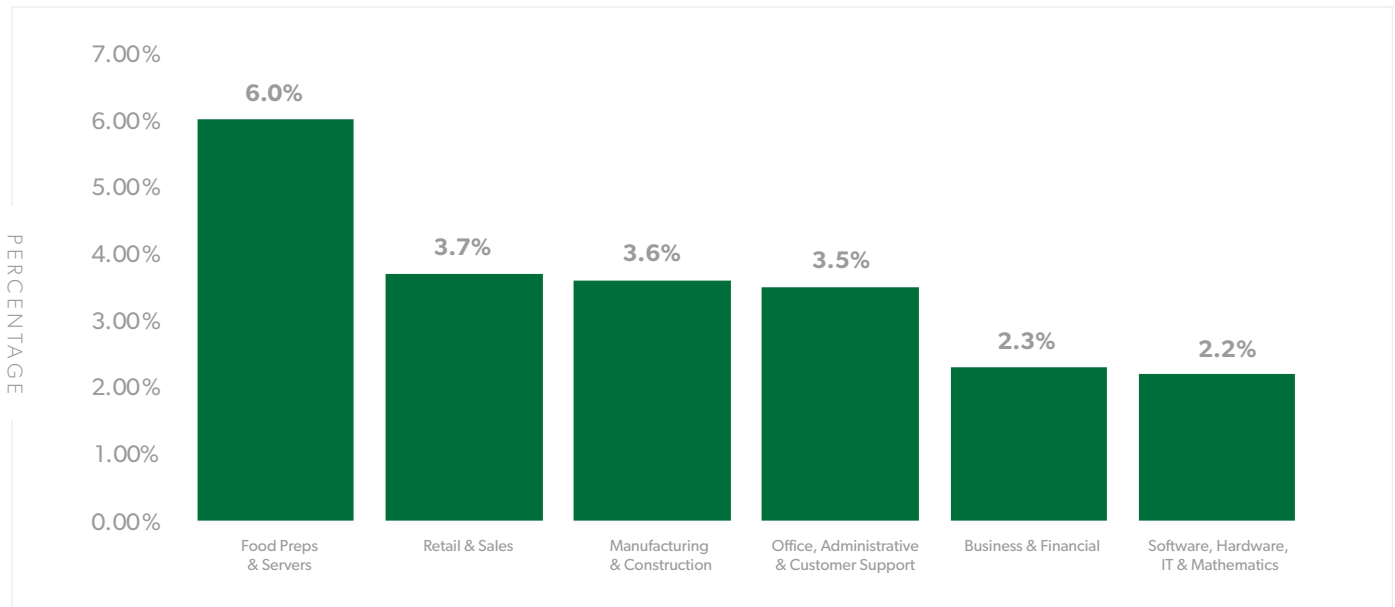
Lincoln

## Unemployment Analysis

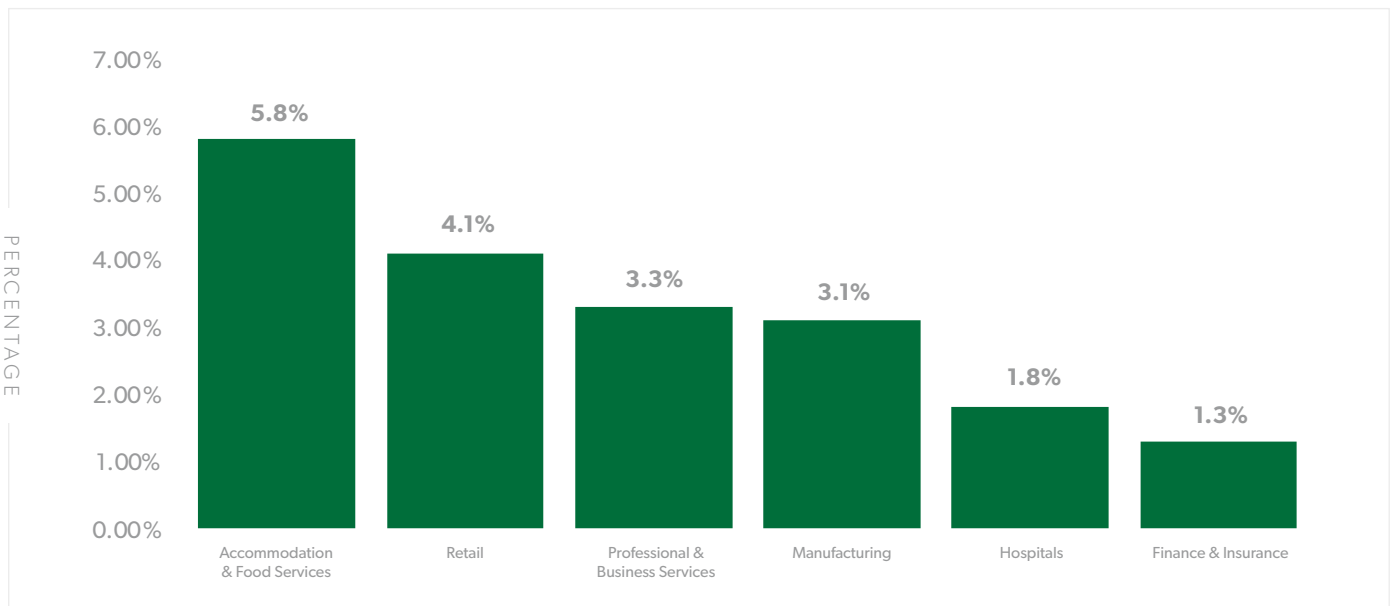
Across the professional services landscape, low unemployment within accounting and finance (business and financial), as well as average unemployment rates within the customer support and operations and administrative spaces, continues. With the ever-tightening labor market driving competition for skilled talent — especially for customer support and operations and administrative roles — hiring within these spaces will remain competitive across many industries.

## Unemployment by Labor Category\*

Source: U.S. Bureau of Labor Statistics



## Unemployment by Industry\*



\*Numbers are based on a three-month rolling average

## Highest Unemployment Markets

**California 5.7%**

Fresno

**Nevada 5.5%**

Las Vegas, Henderson, Paradise

**Ohio 4.7%**

Cleveland, Elyria

**Tennessee, Mississippi, Arkansas 4.7%**

Memphis

**Illinois, Indiana, Wisconsin 4.7%**

Chicago, Naperville, Elgin

**Texas 4.5%**

Houston, The Woodlands, Sugar Land

**New York, New Jersey, Pennsylvania 4.4%**

New York, Newark, Jersey City

**California 4.3%**

Los Angeles, Long Beach, Anaheim

## Lowest Unemployment Markets

**Minnesota, Wisconsin 2%**

Minneapolis, St. Paul, Bloomington

**Utah 2%**

Salt Lake City

**California 2.3%**

San Jose, Sunnyvale, Santa Clara

**Nebraska, Iowa 2.5%**

Omaha, Council Bluffs

**Florida 2.5%**

Miami, Fort Lauderdale, Pompano Beach

**Wisconsin 2.5%**

Madison

**Iowa 2.5%**

Des Moines, West Des Moines

**Alabama 2.6%**

Birmingham, Hoover

## Top Unemployment Declines and Percentage Change

**Ohio -0.5%**

Cleveland, Elyria

**Tennessee, Mississippi, Arkansas -0.5%**

Memphis

**Louisiana -0.4%**

New Orleans, Metairie

**Michigan -0.4%**

Detroit, Warren, Dearborn

**Pennsylvania -0.4%**

Pittsburgh

**Tennessee -0.4%**

Knoxville

**Pennsylvania, New Jersey -0.4%**

Allentown, Bethlehem, Easton

**Pennsylvania, New Jersey, Delaware -0.3%**

Philadelphia, Camden, Wilmington



## Conclusion

As we head into the holiday season, inflation and economic uncertainty continue to loom. However, the total number of jobs gained and current unemployment rate continue to show hope for a soft landing as the Federal Reserve implemented the sixth rate hike this year, which was the fourth increase of 75 basis points<sup>15</sup> in its fight against inflation. While reported bank earnings don't indicate inflation is causing consumer spending to slow, businesses have felt the pressure with a 27% increase<sup>16</sup> in bankruptcies year-over-year.

Hiring remains tight, but as companies look to establish money-saving strategies — including a transition from in-person to remote work to save on costly real estate — many employers also turn their efforts to upskilling opportunities for their existing employees in hopes of fostering professional development and improving retention.



## References

- <sup>1</sup> [“Labor Force Statistics from the Current Population Survey”](#), U.S. Bureau of Labor Statistics.
- <sup>2</sup> [“FRED Economic Data”](#), Economic Research.
- <sup>3</sup> [“Inflation, Recession Fears Have Some Holiday Shoppers Trading Down”](#), The Wall Street Journal.
- <sup>4</sup> [“Survey: Retailers struggle to fill holiday positions”](#), Chain Store Age.
- <sup>5</sup> [“Retailers Are Struggling to Hire Holiday Help. That Could Squeeze Profits and Make Shopping a Drag”](#), Barron’s.
- <sup>6</sup> [“October 2022 Manufacturing ISM”](#), Institute for Supply Management.
- <sup>7</sup> [“Amazon Plans to Close Call Centers in Work-From-Home Push”](#), Bloomberg.
- <sup>8</sup> [“October 2022 Manufacturing ISM”](#), Institute for Supply Management.
- <sup>9</sup> [“Supply chain data eases, giving some hope for U.S. inflation relief”](#), Reuters.
- <sup>10</sup> [“Insurers Are Facing a Steep Rise in Reinsurance Rates”](#), The Wall Street Journal.
- <sup>11</sup> [“What Q3 earnings taught us about layoffs, M&A and other costs”](#), Banking Dive.
- <sup>12</sup> [“Banks processed \\$1.2B in ransomware-related payments in 2021, FinCEN says”](#), Banking Dive.
- <sup>13</sup> [“Elevance Health pulls down \\$1.6B in profit in Q3”](#), Healthcare Finance.
- <sup>14</sup> [“Voters Have Expanded Medicaid in 6 States. Is South Dakota Next?”](#), The New York Times.
- <sup>15</sup> [“The Fed just hiked interest rates by 0.75% for the 4th straight time — escalating fears of a global recession. But here’s why soon-to-be retirees shouldn’t panic”](#), Yahoo Finance.
- <sup>16</sup> [“October Individual Chapter 13 Bankruptcies Increase 27 Percent Over Last Year”](#), Globe Newswire.

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