

Labor Market Analysis

DECEMBER 2022 JOBS REPORT

A Look at November's *Trends*



ASTON CARTER®

Labor Market *Analysis*

November's job market saw a total of 263,000 jobs gained with 221,000 in the private sector and 42,000 in the public sector. The unemployment rate remained steady at a historically low 3.7% as the labor force participation rate declined slightly to 62.1% — contributing to an ongoing tight labor market. Job openings declined to 350,000 following the 400,000 openings last month, keeping openings 48% higher than pre-pandemic levels. Unemployed workers per job opening remained around two jobs¹ per unemployed worker. Average hourly earnings grew at a rate of 0.6%,² the fastest in 10 months as hiring demand still outpaces the supply of workers.

November's Market Trends at a Glance

263K
Jobs gained

3.7%
Overall
unemployment
rate

0.59
Unemployed
workers per job
opening

4.02M
Workers quit
jobs in October

2%
Unemployment
among degreed
workers

62.1%
Labor force
participation
rate

Industry Trends



Consumer Services

Seasonally adjusted numbers show a loss of 30,000³ retail jobs last month, indicating seasonal hiring was significantly lower than expected. This could be tied to major retailers' focus on full-time hiring and giving those workers more overtime opportunities. Leisure and hospitality saw big hiring gains with the addition of 88,000 jobs and is likely to continue recovering as 60%⁴ of consumers expect to increase travel spending in 2023.



Professional & Business Services

The services sector grew in November for the 30th month in a row, boosted by a surge in business activity. Jobs within management consulting and corporate headquarters/back offices grew by 10,000 and 3,000, respectively, while accounting and bookkeeping services remained steady. Administrative and support services, however, dropped a significant 26,000 jobs.



Manufacturing

The Institute for Supply Management reported economic activity in the manufacturing sector decreased in November⁵ for the first time since the onset of the pandemic. However, official government data indicated factory orders⁶ and shipments for equipment grew faster than anticipated in October. Logistics pressures⁷ as well as supply chain constraints⁸ have been easing as companies stock inventories in preparation for the holidays — potentially impacting 2023 hiring needs.



Finance & Insurance

Growth in finance and insurance has stalled with only 700 jobs added amid hiring freezes. Some major financial institutions have slowed hiring or made strategic layoffs due to slower quit rates and significant headcount increases since 2021.⁹ Despite these hiring slowdowns, bank profitability¹⁰ reached a 14-year high in 2022 due to rising interest rates.

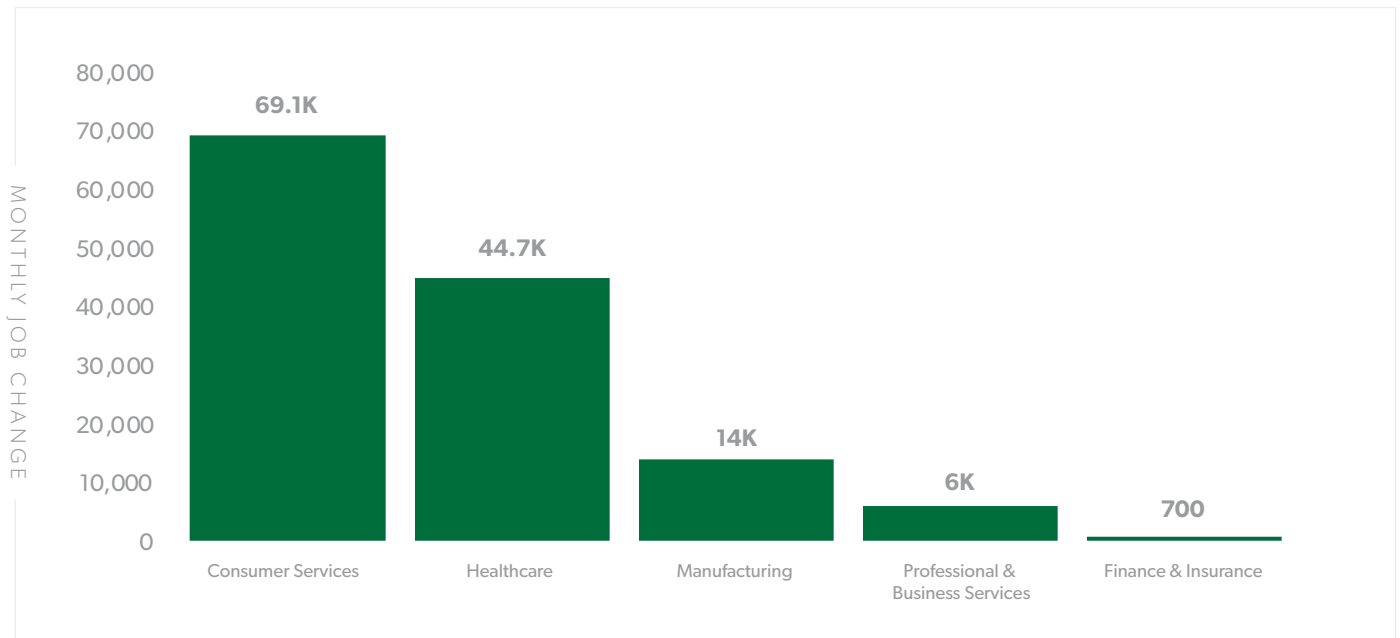


Healthcare

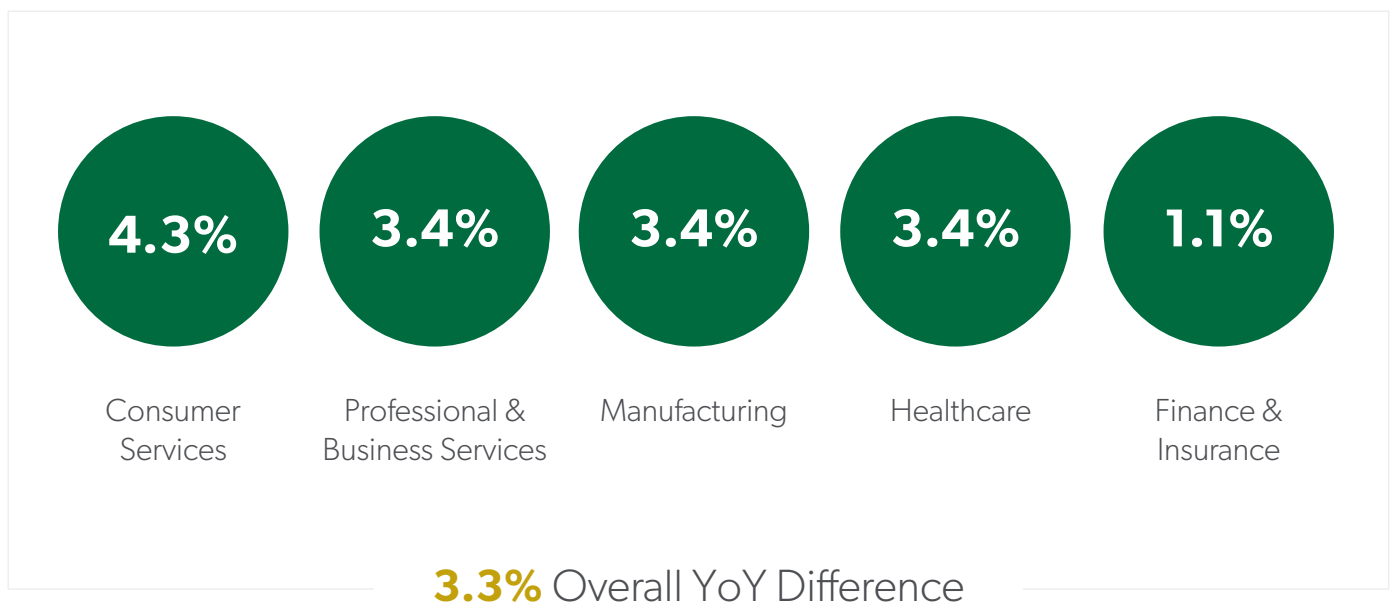
Though many hospitals faced hard economic conditions and staffing shortages during the COVID-19 pandemic, three of the largest hospitals¹¹ saw margins exceed pre-pandemic levels. A proposed rule by the Centers for Medicare and Medicaid Services looks to streamline and automate¹² prior authorization for Medicare Advantage, Medicaid and health insurance exchange carriers. Medicaid redeterminations are expected to extend until April; however, only 37%¹³ of adults are aware of the redetermination, meaning 15M+ could be left without coverage.

Job Gains/Losses by Industry

Source: U.S. Bureau of Labor Statistics



Year-Over-Year Difference



Highest Demand Growth Markets

Accounting & Finance

Job openings in accounting and finance declined 3% (rolling three-month average) but still saw significant growth within roles such as budget analysts and tax specialists. The governance, risk and compliance sector decreased slightly (5%) with sustained growth in internal auditors and loss control.

Florida

Miami, Fort Lauderdale, Pompano Beach

Michigan

Grand Rapids, Kentwood

Louisiana

New Orleans, Metairie

Maryland

Baltimore, Columbia, Towson

Connecticut

Bridgeport, Stamford, Norwalk

Florida

Jacksonville

Rhode Island, Massachusetts

Providence, Warwick

Customer Support

The demand for customer support workers in call centers declined by 2% in November. Call center demand remains elevated at about 14% above the three months leading up to the pandemic.

Arizona

Phoenix, Mesa, Chandler

Georgia

Atlanta, Sandy Springs, Alpharetta

Indiana

Indianapolis, Carmel, Anderson

New York, New Jersey

New York, Newark, Jersey City

Florida

Miami, Fort Lauderdale, Pompano Beach

Illinois, Indiana, Wisconsin

Chicago, Naperville, Elgin

Michigan

Detroit, Warren, Dearborn

Operations & Administrative

For operations and administrative positions, the rolling three-month average declined by 4.8%. The most significant growth remained for in-demand occupations such as payroll, procurement and marketing analysts.

Rhode Island, Massachusetts

Providence, Warwick

New Hampshire

Manchester, Nashua

Illinois

Rockford

Kansas

Wichita

Iowa, Illinois

Davenport, Moline, Rock Island

North Dakota, Minnesota

Fargo

Texas

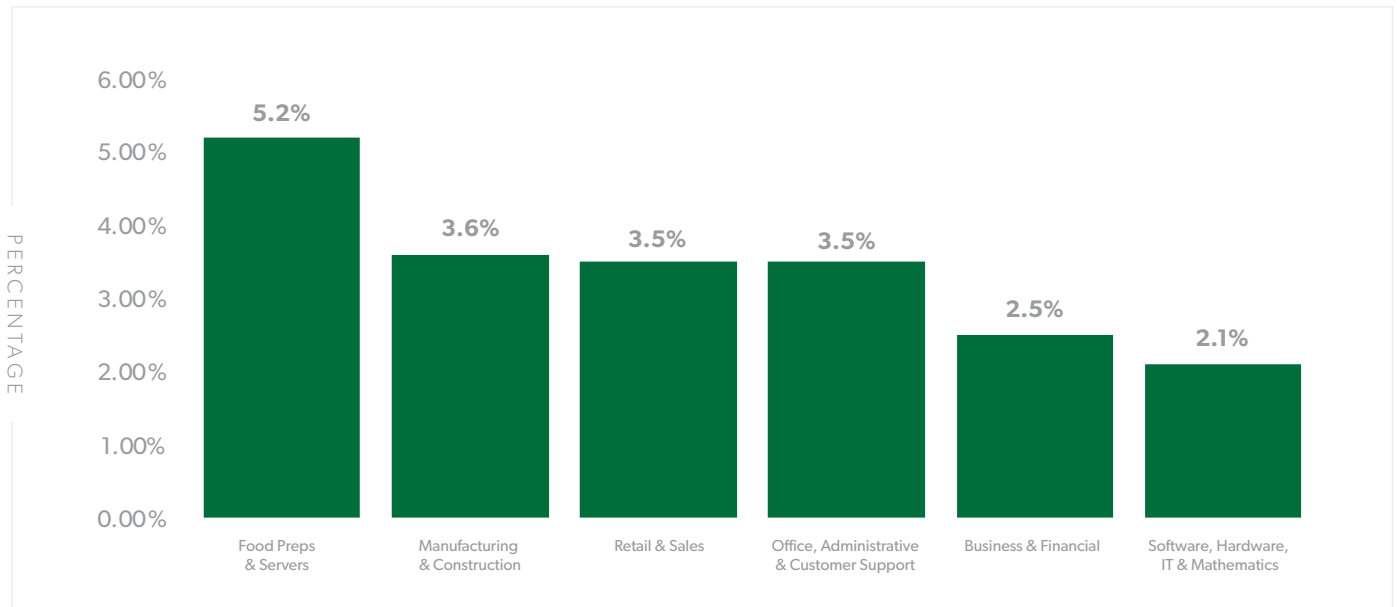
McAllen, Edinburg, Mission

Unemployment Analysis

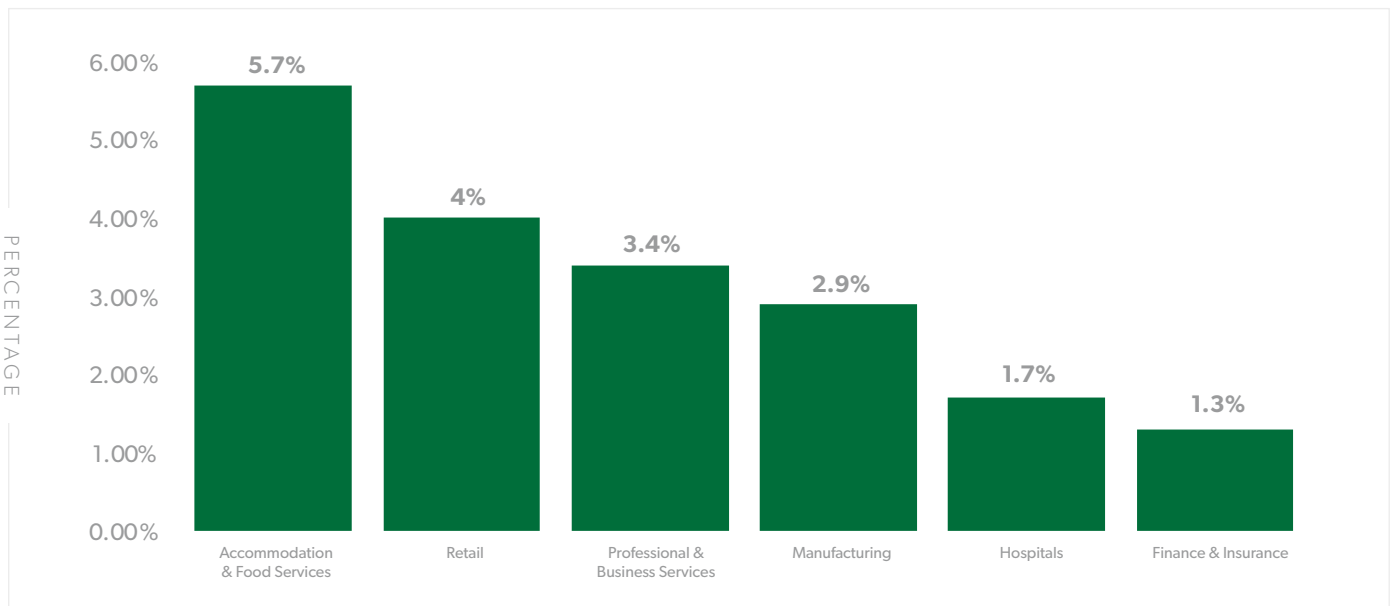
Across the professional services landscape, low unemployment within accounting and finance (business and financial), as well as average unemployment rates within the customer support and operations and administrative spaces, continues. With the ever-tightening labor market driving competition for skilled 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 4.6%

Cleveland, Elyria

Illinois, Indiana, Wisconsin 4.5%

Chicago, Naperville, Elgin

Tennessee, Mississippi, Arkansas 4.4%

Memphis

Texas 4.3%

Houston, The Woodlands, Sugar Land

California 4.2%

Los Angeles, Long Beach, Anaheim

Connecticut 4.2%

Bridgeport, Stamford, Norwalk

Lowest Unemployment Markets

Minnesota, Wisconsin 1.9%

Minneapolis, St. Paul, Bloomington

Utah 2%

Salt Lake City

California 2.3%

San Jose, Sunnyvale, Santa Clara

Nebraska, Iowa 2.4%

Omaha, Council Bluffs

Florida 2.4%

Miami, Fort Lauderdale, Pompano Beach

Wisconsin 2.4%

Madison

Iowa 2.5%

Des Moines, West Des Moines

Alabama 2.5%

Birmingham, Hoover

Top Unemployment Declines and Percentage Change

Louisiana -0.6%

New Orleans, Metairie

Pennsylvania, New Jersey -0.4%

Allentown, Bethlehem, Easton

Pennsylvania -0.4%

Pittsburgh

New York -0.4%

Buffalo, Cheektowaga

New York -0.4%

Rochester

Arkansas -0.4%

Little Rock, North Little Rock, Conway

Pennsylvania, New Jersey, Delaware -0.3%

Philadelphia, Camden, Wilmington

New York, New Jersey, Pennsylvania -0.3%

New York, Newark, Jersey City



Conclusion

While recent hiring trends have slowed in comparison to 2021, many of the largest skill sets continue to outpace the increase in demand seen in 2019 as well as the months leading up to the pandemic. While inflation cooled¹⁴ more than expected in October, experts still expect the Federal Reserve to further increase interest rates by 0.5 points, bringing the benchmark rate to about 4.5% — its highest level since December 2007. Interest-rate sensitive industries such as housing, construction and technology have seen slowdowns in hiring related to higher costs and less activity.

References

- ¹ ["FRED Economic Data"](#), Economic research.
- ² ["United States Average Hourly Earnings MoM"](#), Trading Economics.
- ³ ["Why retail employment plummeted in November"](#), Modern Retail.
- ⁴ ["Majority of Wealthy Consumers Plan to Spend More on Travel in 2023"](#), Bloomberg.
- ⁵ ["November 2022 Manufacturing ISM"](#), Institute for Supply Management.
- ⁶ ["U.S. factory orders beat expectations in October"](#), Reuters.
- ⁷ ["Trade and Logistics Data Point to Broader Economic Cooling"](#), Bloomberg.
- ⁸ ["Fading Supply-Chain Problems Signal Season of Plenty for Holiday Shoppers"](#), The Wall Street Journal.
- ⁹ ["Morgan Stanley slashes 1,600 jobs"](#), Banking Dive.
- ¹⁰ ["McKinsey's Global Banking Annual Review"](#), McKinsey & Company.
- ¹¹ ["Operating Margins Among the Largest For-Profit Health Systems Have Exceeded 2019 Levels for the Majority of the COVID-19 Pandemic"](#), Kaiser Family Foundation.
- ¹² ["CMS proposes streamlining, automating prior authorizations"](#), Modern Healthcare.
- ¹³ ["Majority of Americans unaware of Medicaid eligibility redeterminations"](#), Healthcare Finance.
- ¹⁴ ["Inflation cools more than expected in October"](#), Axios.

About Aston Carter

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