

Labor Market Analysis

FEBRUARY 2024 JOBS REPORT

A Look at January's *Trends*



ASTON CARTER®

Labor Market *Analysis*

Hiring dramatically picked up in January with 353,000 jobs added — 317,000 in the private sector and 36,000 in the public sector, according to the U.S. Bureau of Labor Statistics. Looking closer, the professional and business services industry added 74,000 jobs while corporate departments added 3,000 jobs.

For the third month in a row, the unemployment rate held steady at 3.7%. Labor force participation remained at 62.5%, amid a soaring increase in early retirements and large fall in participation between people aged 19–24.

Annual inflation¹ cooled from 3.4% in December to 3.1% in January. Rising shelter costs (which include rent, owners' equivalent rent costs, and insurance) continue to work against inflation going down. This may be due in part, however, to a lag between older government housing data and robust private sector data, the latter of which indicates rent prices are falling. Higher insurance costs are also a factor driving up shelter prices.

Despite higher interest rates, inflation, declining savings and a cooling labor market, inflation-adjusted consumer spending remains 3.2% more than December 2022², an accelerated rate from recent months showing a stronger consumer spending trend.

Job openings rose to just above 9 million in recent months, which are still significantly higher than pre-pandemic levels. The ratio of unemployed workers per job remained at 0.69³, or 1.36 open jobs per unemployed worker. Additionally, potential workers per job opening — including part-timer workers who want full-time work, those who left the labor force but want to work, and the unemployed — dipped below historic levels of 2.0, down to 1.71.⁴

The rate of job quits has seen a downward trend in recent months, with around 3.4 million workers quitting jobs in December — the most current data available — which is just below February 2020's total quits. This trend is likely a firm indicator of future wage growth slowing, despite it picking back up in January.

Average hourly earnings growth sharply increased with a 0.6%⁵ gain month-over-month and a 4.5% increase year-over-year.

January's Market Trends at a Glance

353K
Jobs gained

3.7%
Overall
unemployment
rate

1.36
Job openings
per unemployed
worker

3.39M
Workers
quit jobs in
December

2.1%
Gain in average
hourly earnings
(MoM)

62.5%
Labor force
participation
rate



Accounting and Finance Updates

Accounting and Finance Demand



19%

Month-over-Month



19%

Year-over-Year



32%

Pre-Pandemic Change

With higher-than-expected retirements and exits from the profession, accountants are in increasingly high demand⁶, especially among companies in finance, healthcare and government industries. More and more companies are beginning to offer accountants remote opportunities to attract and retain the accountants and to stand out from other companies looking to hire the same highly sought-after talent.

With interest rates remaining higher for longer, the cost of lending has also seen an increase, so much that the initial public offering (IPO) market — critical to venture capital investment activity and funds circulation — remains extremely low at 2016 levels of activity.

The longer higher interest rates continue, the worse impacts will be for some venture capital funds as they struggle to return money to their investors and subsequently struggle to raise money for their next funding round. This problem also impacts private equity activity, which in turn will likely signal a weaker M&A and IPO market can be expected in 2024.

Regarding changes in demand for certain skill sets, hiring for payroll accountants (84%), billing supervisors (59%) and project accountants (57%) saw the biggest month-over-month increases, roles that reflect the urgency many companies are facing to hire accountants critical to their business operations



Corporate Functions Updates

Corporate Functions Demand



12%

Month-over-Month



20%

Year-over-Year



8%

Pre-Pandemic Change

The Society of Human Resources Management (SHRM) and The Burning Glass Institute released a new study predicting generative AI may start to replace more white-collar workers in 2024, and throughout the next decade.⁷ These types of findings may put pressure on learning and development teams to ensure they're effectively reskilling and upskilling workers to use new tools and platforms.

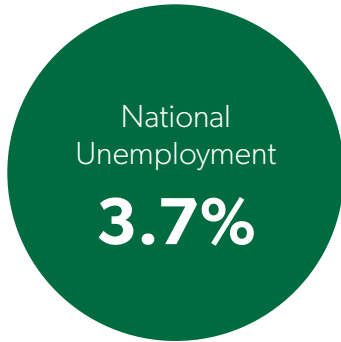
Some companies within several industries — most notably retail — have returned to relying on just-in-time inventory management.⁸ As such, those companies are likely seeking to invest more resources into supply chain visibility and overseeing supplier production.

Regarding demand for certain skill sets, hiring for contracts managers (83%), compensation/benefits specialists (62%) and human resources consultants saw the largest month-over-month increases.

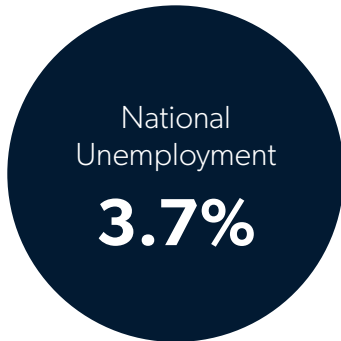
Unemployment Analysis

Unemployment by Labor Category

Source: U.S. Bureau of Labor Statistics



Unemployment by Industry



References

¹ "United States Inflation Rate", Trading Economics

² "Real Personal Consumption Expenditures", FRED

³ "Unemployment Level/Job Openings: Total Nonfarm", FRED

⁴ "Employment Level - Part-Time for Economic Reasons", FRED

⁵ "United States Average Hourly Earnings MoM", Trading Economics

⁶ "The No. 1 In-Demand Remote Job Companies are Hiring For — It Can Pay Over \$100,000 a Year", CNBC

⁷ "Generative Artificial Intelligence and the Workforce", SHRM and The Burning Glass Institute

⁸ "Retailers Return to Bringing in Inventory 'Just in Time'", The Wall Street Journal

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7301 Parkway Drive S., Hanover, MD 21076 | astoncarter.com

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