Actalent | MARKET INTELLIGENCE

> Key Economy and Labor Market Indicators

315K jobs gained in August

The private sector added 308K jobs in August, up 4.6% year over year. The public sector added 7K jobs, 0.6% YoY. Actalent's industries all saw gains over the month.

62.4% labor force participation rate

Labor force participation increased 0.3%, which is encouraging. Even though the unemployment rate also increased, a higher LFPR means that more people have entered the labor force looking for work. Thus, there has been a slight uptick of workers.

3.7% Overall unemployment rate

The unemployment slightly increased to 3.7% but is still close to its pre-pandemic low of 3.5%. Rolling unemployment rates for Actalent labor categories shifted a bit but remain very low. Degreed workers have a 1.9% unemployment rate.

4.2M workers quit their jobs in July, close to the record-high 4.5M
- The quits rate was slightly lower at 2.7% (record-high is 3%)
- Although quits are slightly below record-highs, they are still much higher than prior years

Layoffs and Discharges were little changed at 1.4M, countering media claims of mass layoffs

The talent drought is evident comparing the ratio of unemployed workers to job openings in Actalent's core labor categories.
- SW-HW-IT & Mathematics, Architecture & Engineering and Life, Physical, and Social Sciences all have roughly 0.3 unemployed workers per job opening over the last three months (June-August), continuing a trend of fewer unemployed in these areas.

Are we in a recession? Economists still dispute whether we will hit (or if we have already hit) a recession. Contracted GDP paired with steady job growth has made this economy difficult to understand.

Average hourly earnings increased 5.2% YoY
- After being adjusted for inflation, 'real' average hourly earnings are actually below August 2021 earnings by 2.8%

> Industry Employment Trends

Industry	Monthly Job Change + YoY Difference	Trends Impacting Hiring?
Overall Economy	+315K (4.0%)	In the middle of economic concerns about inflation and tech layoffs, this jobs report was encouraging. More people entered the labor force searching for work, demand was strong, and a healthy number of jobs were added in most sectors. STEM labor is still in high demand and low supply, so retention efforts are vital for engineering and sciences companies.
Utilities	+600 (0.3%)	Growth in renewables continues in the Utilities sector. Among last month's announcements are EDPR's power purchase agreement (PPA) for its Californian solar project and rPlus Energies' completion of its first solar plant in Utah, which will provide energy to a nearby Meta data center. Last month, jobs in SW development, program/project management, and electrical engineering were the top three in-demand Utilities roles.
Construction	+16K (4.2%)	Workforce shortages are hitting construction companies hard: a recent AGC survey found that 93% of firms have open positions and 91% are struggling to fill them. Recent legislation approving funding for our nation's infrastructure and chip manufacturing will soon open the floodgates for labor demand, but already low numbers of available workers will lead to tight competition for labor among construction companies.
Architecture & Engineering	+9.5K (6.3%)	The Inflation Reduction Act passed in August will create future demand for engineering services labor, with funding going into environmental cleanup and 'clean' energy projects. Electrical engineers are growing in demand across engineering services, environmental remediation, and other U&C industries; unfortunately, only 2 of every 5 open EE positions have been filled in the last 12 months, indicating that supply cannot keep up with demand.
Healthcare	+48.2K (2.6%)	Job postings for medical assistants grew by over 700 last month, indicating ongoing demand. Walgreens is offering up to $75K signing bonuses to pharmacists, signaling a persistent worker shortage. CVS announced its decision to purchase Signify Health, expanding into the home health and provider industries. This is a recent example of healthcare companies diversifying their business and broadening their services.
Scientific R&D	+6K (7.8%)	CBRE's Life Sciences Research Talent 2022 reported record numbers of life sciences graduates, but continued difficulty finding talent given very low unemployment rates and growing demand. The report identified the top 25 locations for accessing scientific research talent in the US, starting with clusters along the east coast. Last month, laboratory scientists and QA/QC technicians were the highest sciences roles in demand.
Automotive	-1.9K (3.3%)	The Inflation Reduction Act passed this month will impact EV battery production. Revamped EV tax credits under the legislation could delay or block access to the credit since it puts new restrictions on the source of battery materials and the locations of battery and vehicle assembly. The Biden admin. announced $2.2bn for this year from the RAISE program as part of the Infrastructure Law to modernize US transportation. Company transitions to EV business from traditional combustion engines could have contributed to the decline in employment, but this is unlikely to turn into a trend.

| C&IP – Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc. | +22K (3.7%) | Manufacturing indexes indicated overall sector expansion in August. While demand grew in the form of new orders and backlogs, so did employment; in fact, employment expanded for the first time in three months. Durable Goods alone added 19,000 jobs. Those hiring gains make the outlook for September production more optimistic. Additionally, despite fears of tech layoffs, tech-sector companies added a net 25.5K workers last month. Whether or not a recession impacts future demand, companies will still have a lot of work to do in terms of getting through backlogs. |

> Unemployment Analysis

UNEMPLOYMENT
by Industry (June-August rolling unemployment average)

Hospitals
1.4%

Professionals & Technical Services
2.2%

Utilities
1.3%

Manufacturing
3.2%

Construction
3.7%

0.0%   5.0%   10.0%
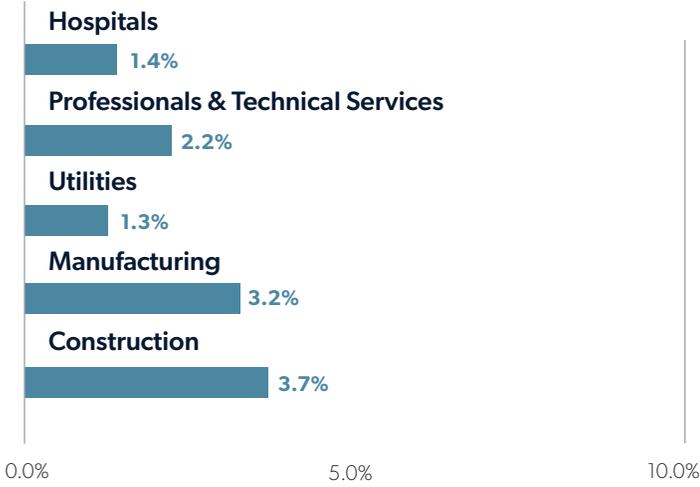
UNEMPLOYMENT
by Labor Category (June-August rolling unemployment average)

Software, Hardware, IT & Mathematics
1.9%

Architecture & Engineering
1.2%

Sciences: Life, Physical & Social
0.7%

0.0%   5.0%   10.0%
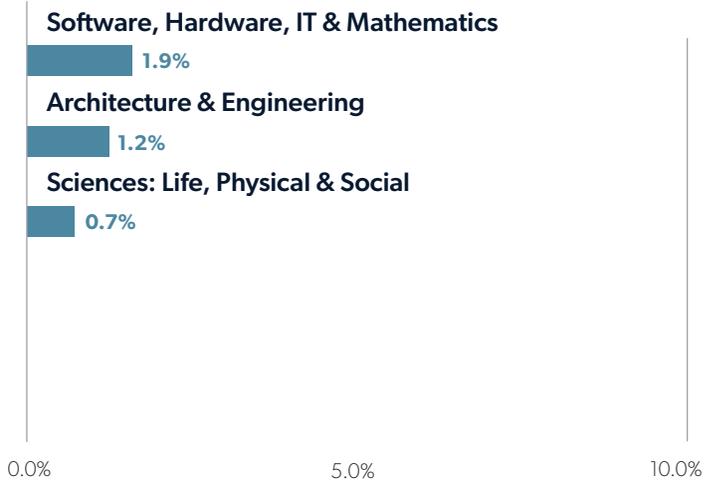
Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labor category or industry.