



Actalent

# Labor Market & Economy Report

January 2023

## Sharp insights for well-rounded people.

Actalent's monthly Labor Market and Economy Report connects important dots between data and trends in engineering and sciences. The report corresponds with the monthly release of the U.S. Bureau of Labor Statistics Employment Situation, though lends further insight into specific employment trends in engineering and sciences. Accompanying the report is an [article](#) that pulls the data together to tell a complete story about what's happening in the labor market and, by extension, the economy. Specifically, readers can expect to learn about:

- + Job growth in engineering and sciences by industry
- + Unemployment trends in engineering and sciences labor categories and industries
- + Labor force participation
- + Job quits and layoffs
- + Engineering and sciences employment trends by industry wages
- + Other important news stories impacting the labor market overall and engineering and sciences specifically



517K

## Jobs Gained in January

Last month, the U.S. economy saw the largest jobs gain since July 2022. Company hiring was stronger in January, not weaker, despite economic headwinds.



62.4%

## Labor Force Participation Rate

Labor force participation still rests below its pre-pandemic rate, meaning that less people are working or looking for work than before Covid.



3.4%

## Unemployment Rate

The unemployment rate reached a new half-century low. Very few people are unemployed and looking for work according to government data.



4.2M

## December Quits

Quits changed little over the month and stayed close to the record-high of 4.5M. Layoffs remained low at 1.5M.

# January Market Trends

A closer look at  
unemployment by industry  
and labor category



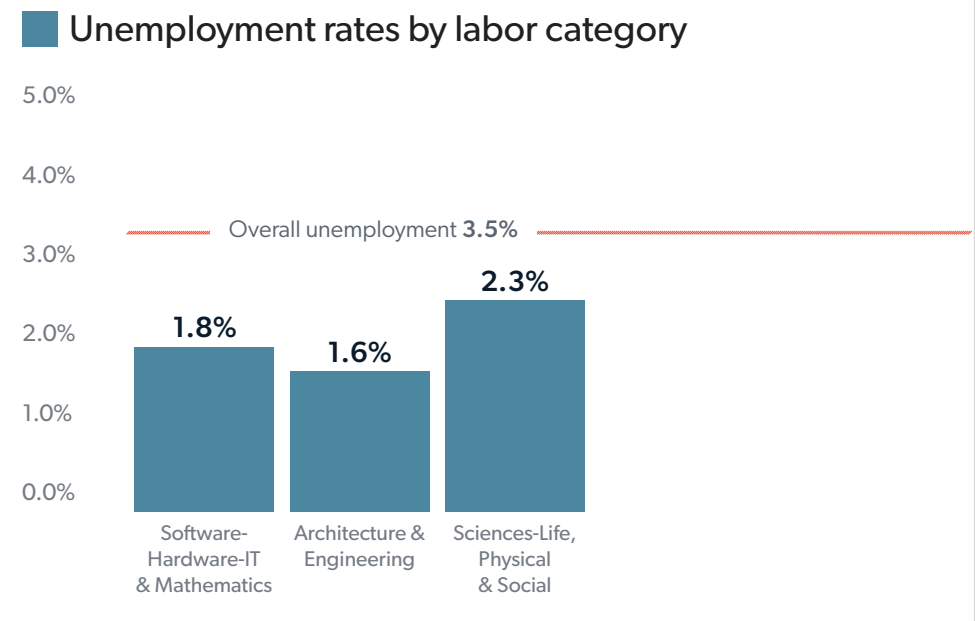
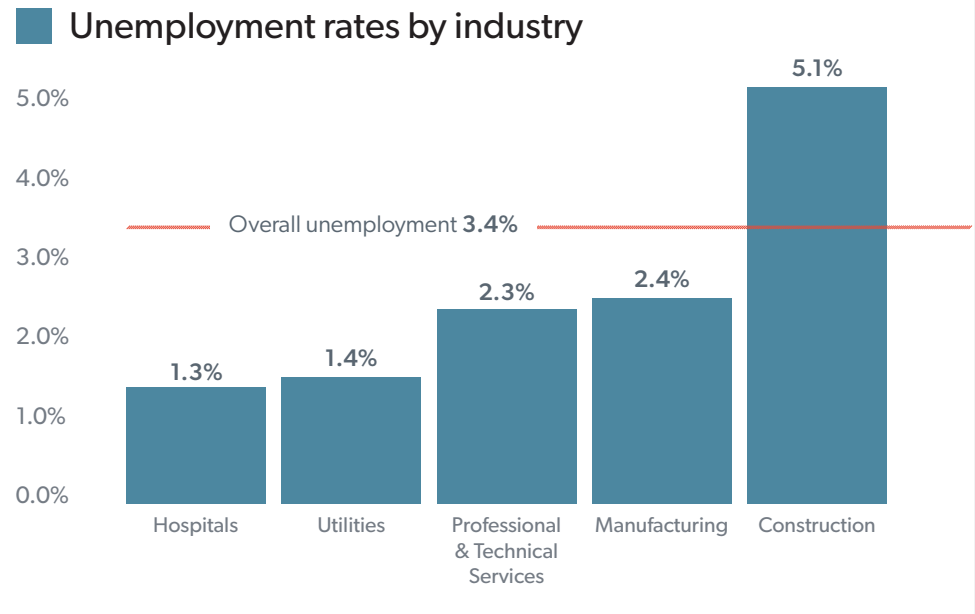
Overall Unemployment Rate



Unemployment Rate for Degreed  
Workers



Ratio of unemployed workers  
(SW-HW-IT & Mathematics,  
Architecture & Engineering,  
Sciences) available per job  
opening.



# Industry Trends

## OVERALL ECONOMY

Despite months' worth of media warnings about layoffs and hiring freezes, the overall labor market remains strong. Job openings increased to 11M in industries remain very low. The big picture points to a still-competitive labor market requiring strategic worker engagement and retention practices. December, suggesting that many companies are still hiring. The economy remains complex and difficult to predict. While overall engineering and sciences job postings slightly declined over the month, demand is up by 51%, on average, from five years ago, and unemployment rates for skilled workers and engineering and sciences.



## UTILITIES

Fluctuations in utilities jobs are normal, and the loss of 700 jobs last month was likely due to seasonal effects. The DOE announced \$42M to 12 project programs intended to develop affordable and efficient EV batteries, including Ohio State, University of Maryland, Virginia Tech, 24M Technologies, and Zeta Energy. Additionally, the DOE and NREL have partnered with Berkshire Hathaway, Duke Energy, and Xcel Energy to focus on improving cybersecurity for the U.S. energy sector. Federal funding appears to have been awarded to organizations and universities across the U.S., indicating that the utilities sector has work to be done in each region.



## CONSTRUCTION

Manufacturing investments for batteries, solar, and wind projects from the Inflation Reduction Act have been largely concentrated in "red" states, especially in the South and Central regions, but not for political reasons. These projects tend to go to states meeting similar criteria: availability of sun, land, and skilled labor, as well as lower labor costs, electricity costs, taxes, cost of living, and controls on permitting and using land. Demand for engineering and construction workers will increase in states receiving these investments, such as Georgia, Texas, and Arizona.



## ARCHITECTURE & ENGINEERING

Architecture billings declined in December (latest data available), albeit at a slower pace than November's decline. Firm backlogs were still relatively high, at an average of 6.7 months. Even as concerns mount about slower business, employment in the architecture and engineering services industry reached a new record-high since the Great Recession. In January, Black & Veatch, Power Engineers, Kimley-Horn, and HNTB were the top engineering firms that increased A&E job postings. Electrical and electronics drafters and designers increased in demand by 16% last month as other jobs saw a slight decline.



## Industry Trends, continued

### HEALTHCARE

CVS, Walgreens, and Walmart have all announced plans to cut pharmacy hours due to pharmacist shortages. CVS is reportedly developing a part-time remote system for pharmacists, and all three chains have tried to attract and retain staff through efforts like pay rate increases and guaranteed lunch breaks. Pharmacy-school applicants have dropped by over one-third compared to a decade ago. ACA enrollments reached an all-time high last month, but rampant burnout and shortages among healthcare staff threatens the system's ability to care for an aging population. As the supply of pharmacists shrinks and burnout becomes more common in the industry, it is crucial that employers take proactive measures to care for and retain staff.

+58.2K  
MoM

3.8%  
YoY

### SCIENTIFIC R&D

Many life sciences companies are shifting their focus from Covid-19 back to core business. In its Q4 financial report, Quest Diagnostics reported its 2023 focus will be on growing its base business, with impacts expected from "recent Medicare reimbursement changes, investments to accelerate growth, and declining COVID-19 revenues." On a global level, Eurofins announced its acquisition of a Hyderabad laboratory campus that will support pharmaceutical and biotech developments. Although industry job postings declined over the month, demand is much stronger compared to five years ago — life sciences postings are currently 237% higher in the Sciences R&D industry and 78% higher in the Testing Laboratories industry compared to January 2018.

+2.9K  
MoM

6.3%  
YoY

### AUTOMOTIVE

The outlook for the auto industry is hazy as supply of some parts has improved but consumer demand has become cautious in response to high interest rates and other economic conditions. Still, demand for workers persists as the industry evolves its product offerings. Auto factories are growing in the south: Hyundai announced a \$5.5B factory in Georgia shortly after late-2022 announcements of a \$5B Rivian assembly factory in Georgia and a \$7B Ford EV investment in Kentucky and Tennessee. Meanwhile, the industry's main location, Michigan, has reported difficulty with hiring and retaining workers.

-6.5K  
MoM

5.0%  
YoY

### C&IP *Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc.*

Manufacturing remains a complex mixed bag of hiring trends. Layoff announcements last month included Microsoft (10,000 employees, less than 5% of workforce), Newell (13% of staff), and 3M (2,500 workers). Many companies laying off employees are doing so through "restructuring" and note that they will still hire in other departments. Contrastingly, Airbus announced plans to hire over 13,000 employees this year – including software, hydrogen, and aircraft design engineering roles — as they continue to try to ramp up jet production.

+19K  
MoM

3.0%  
YoY

# Wages in the United States

How they've changed.

+6.4%



## Consumer Price Index

The inflation rate has been steadily decreasing from its peak of 9.1% in June 2022. The Federal Reserve has a target rate of 2%, though, which tells us that inflation is still much higher than federal officials would prefer, and a continued decline is not guaranteed.

+4.4%



## Wage Increases

Average hourly earnings are up 4.4% from a year ago. Wage growth has slowed but is still higher than pre-pandemic growth. Between Jan 2019-Feb 2020, this number averaged 3.25%.

-1.8%



## "Real" Earnings

After adjusting for inflation, average hourly earnings are actually down 1.8% from a year ago, indicating that wages are not keeping pace with inflation.

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# References

## Read more about trends in Engineering & Sciences

**UTILITIES:** [DOE \\$42M EV battery investment](#) , [DOE and NREL power grid security](#)

**CONSTRUCTION:** [Inflation Reduction Act investments](#)

**ARCHITECTURE & ENGINEERING:** [Architecture Billings Index](#) , Job postings from Lightcast

**HEALTHCARE:** [Pharmacies cutting hours due to staff shortages](#) , [Nurse burnout](#) , [ACA Enrollment Record-High](#)

**SCIENTIFIC R&D:** [Quest Diagnostics Q4 and 2022 financial results](#) , [Eurofins state-of-the-art Hyderabad laboratory](#)

**AUTOMOTIVE:** [January auto industry update](#) , [Hyundai, Rivian, Ford southern investments](#) ,  
[Michigan auto industry struggles to hire & keep workers](#)

**C&IP:** [Newell and 3M layoffs](#) , [Microsoft layoffs](#) , [Airbus hiring plans](#)