



Actalent

Labor Market & Economy Report

June 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



209K

Jobs Gained in June

The number of jobs added to the economy in June were less than economists anticipated. Still, employment gains were strong in government, healthcare, social assistance, and construction.



62.6%

Labor Force Participation Rate

The labor force participation rate did not change for the fourth month in a row. The percentage of people working or looking for work has neither increased nor decreased.



3.6%

Unemployment Rate

The unemployment rate decreased 0.1 percentage point in June. June's rate of 3.6% is low, indicating that the US still faces a tight labor market.



4.0M

May Quits

Quits increased from 3.8M to 4.0M in May, the highest level this year but below the record-high 4.5M observed in Nov. 2021. Layoffs declined very slightly from 1.59M to 1.55M.

June 2023 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

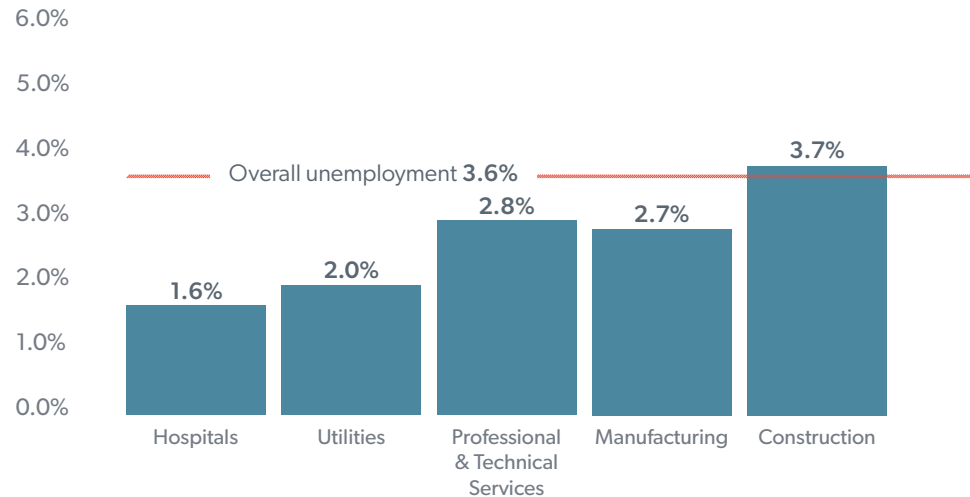


Unemployment Rate for Degreed
Workers

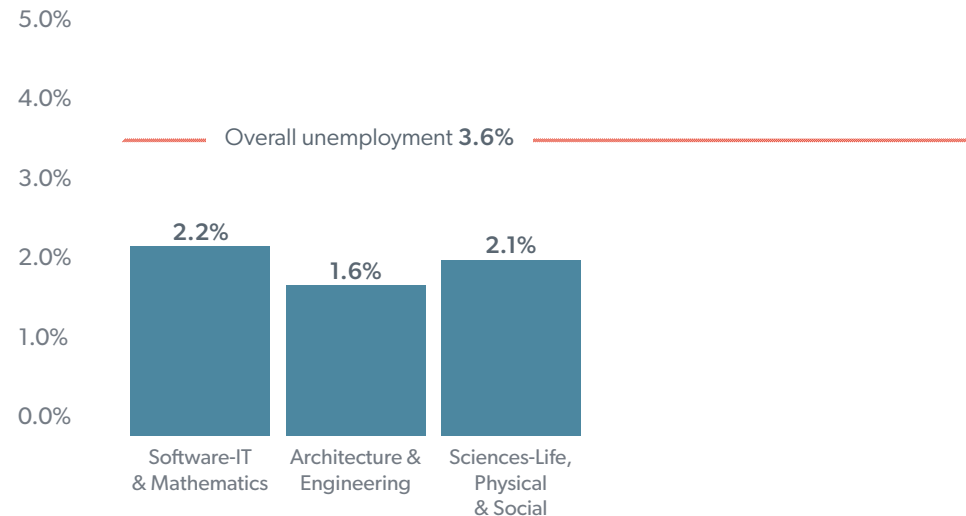


Ratio of unemployed workers
(SW-HW-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening).

Unemployment rates by industry



Unemployment rates by labor category



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.

Industry Trends

OVERALL ECONOMY

Both job openings and employment gains softened in this past month's reports, which is good news for the overall economy. The Federal Reserve wants to see the labor market "cool" without crashing. Still, a slight uptick in quits and a still-low unemployment rate point to a low supply of workers. Some companies who are more sensitive to the tighter venture capital/lending market and other economic impacts have slowed their hiring activity or even laid off parts of their workforce; however, it is encouraging to see that overall, monthly layoffs as well as unemployment do not show signs of widespread unemployment. While hiring has slowed from record-highs on a national level, it appears that there are still opportunities for those seeking work in many industries.

+209K
MoM

+2.5%
YoY

UTILITIES

The DOE highlighted Georgia as a significant contributor to the U.S. clean energy transition last month: Georgia's energy sector had roughly 195,000 employees in 2021, and the state will be the recipient of an estimated \$180M in clean power investments from the IRA through 2030, creating even higher demand for energy workers. Despite the tighter lending market, Utility Dive claims, "access to funding for clean energy investment is expected to become easier, spurring greater capital spending and mergers and acquisitions." Cleantech M&A activity is expected to be strong over the next two years, especially among renewables, thanks to ESG investments and federal funding (IIJA and IRA).

-300
MoM

+0.7%
YoY

CONSTRUCTION

A Skanska and Halmar International joint venture was selected for the \$1.24bn design-build contract at JFK Airport in Queens, NY as part of a larger \$19bn investment to transform JFK into a world-class airport. Construction Dive states that the Skanska-Halmar JV project, "will include constructing the new on-airport roadway transportation network, retaining walls, bridges and utility relocations and upgrades." The largest dam removal and river restoration project in U.S. history has begun on the Klamath River in Oregon: a \$450M project to remove four hydroelectric dams will be led by prime contractor Kiewit and civil prime design partner Knight Piesold. Both the JFK and Klamath River projects are contributing to the creation of thousands of construction jobs amongst many other infrastructure projects.

+23K
MoM

+2.6%
YoY

ARCHITECTURE & ENGINEERING

The architectural billings index (ABI) was 51.0 in May (latest data available), the highest it's been since September 2022. Inquiries into new projects and the value of new design contracts also grew. Softening inflation may be benefitting the architectural services industry, but more than one month of growth will be needed to determine if business conditions are truly stabilizing. The South appears to be experiencing the most improvement, whereas billings were flat in the Midwest and down in the West and Northeast. Within the A&E Services industry, there were notable increases in postings in June for mechanical engineers, project managers, and construction managers.

+6.3K
MoM

+5.0%
YoY

Industry Trends, continued

HEALTHCARE

Telehealth remains a popular healthcare offering post-pandemic, and McKinsey estimates it will stabilize at 38X pre-pandemic utilization levels. This will likely keep demand for telehealth workers elevated. Last month, healthcare staff from Ascension Hospital System in Texas, Providence hospitals in Oregon, and NY-Presbyterian Brooklyn Methodist Hospital in New York took action – some in the form of strikes – to fight for better working conditions, pay, sick leave, benefits, and nurse-to-patient staffing ratios. Despite high interest rates and macroeconomic headwinds, RSM estimates that healthcare M&A activity could persist in 2023, since “the challenging operating environment will continue to drive consolidation and expose investment opportunities as multiples stabilize.”

+41.1K
MoM

+3.7%
YoY

SCIENTIFIC R&D

Illumina will lay off 10% of its R&D workforce as part of its plan to reduce spending by \$100M this year to realign its operating costs and focus investments on high-growth areas. In addition, Illumina is reducing its global real estate footprint by exiting its i3 campus in San Diego and evaluating its Foster City campus, and the company expects to further reduce headcount in Q3. Scientific R&D industry demand for engineering and sciences roles was slightly down last month, most notably among job postings for clinical occupations. Still, there were increases in postings for chemical technicians, research scientists, and lab techs. Engineering and sciences job postings increased by over 20% from Regeneron Pharmaceuticals and Quest Diagnostics.

+700
MoM

+4.3%
YoY

AUTOMOTIVE

More EV battery plants were announced in June, including a \$2.4bn Gotion battery parts plant near Big Rapids, MI (estimated creation of 2,350 jobs after completion in ~2 years), a \$3bn GM plant in St. Joseph County, IN (estimated creation of 1,700 jobs when production begins in 2026), and a \$48M Toyota battery lab at its Michigan HQ (operational in 2025). There is controversy around Gotion Inc.’s ties to China, and many American automakers will have to compete with both each other and Chinese EV makers for workers and customers as the EV market expands. Meanwhile, lithium producers are concerned that mine permitting delays, worker shortages, and inflation could lead to a shortage of lithium as demand dramatically increases from EV battery makers. Ford is said to be behind its competitors in the EV transition and is laying off more workers, mostly engineering jobs, to “exit unprofitable locations and cut headcount.”

+4.3K
MoM

+6.4%
YoY

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

The construction boom, boosted by infrastructure spending and manufacturers’ construction spending, is contributing to historic demand for excavators, leading companies like Deere, Caterpillar, and CNH International to expand or upgrade their models. Also contributing to the rising demand for this type of equipment is the shortage of construction workers: an excavator can be used in place of a backhoe, front-end loader, and crane, and they’re easier for less experienced workers to operate. Durable goods orders increased for the third month in a row in May (latest data available), driven by orders for aircraft and autos. Outside of planes and cars, most other major industrial manufacturing sectors grew in May, but at a modest pace, as high interest rates and inflation appear to be suppressing demand. Demand for engineers increased last month for the aircraft, semiconductor, space vehicle, automobile, and medical device manufacturing industries.

+7K
MoM

+1.3%
YoY

Wages in the United States

How they've changed.

+3.0%



Consumer Price Index

The consumer price index (inflation) increased 3.0% for the year ended in June 2023, which is the lowest 12-month increase since March 2021. Inflation for 'core' items (all items excluding food and energy due to volatility) was 4.8% over the year. Inflation is showing signs of cooling, which is what the economy needs to achieve a "soft landing." Recession likelihood could still change, depending on whether the Federal Reserve decides to increase interest rates again.

+4.4%



Wage Increases

Wage growth continues to follow an overall decelerating trend since the 5.9% growth for the year ended June 2023, which ultimately puts less pressure on inflation. Year-over-year wage growth outpaced inflation in May and June 2023, which is the first time this has occurred since March 2021.

+1.2%



"Real" Earnings

"Real," inflation-adjusted earnings grew 1.2% between June 2022 and June 2023. For the past couple years, wage growth has failed to keep up with inflation. Positive growth began last month and is an encouraging sign for workers who, a year ago, experienced a loss of -3.2% in their average hourly earnings for the year ended June 2022.

References

Read more about trends in Engineering & Sciences

UTILITIES: [DOE highlights Georgia's clean energy economy ahead of Granholm visit](#); [Cleantech M&A activity expected to grow, driven by ESG investing and federal funding](#)

CONSTRUCTION: [Skanska-Halmar JV lands \\$1.2B JFK airport job](#); [Biggest dam removal in US history starts in Oregon](#)

ARCHITECTURE & ENGINEERING: [May 2023 ABI](#)

HEALTHCARE: [Telehealth Trendline](#); [Tracking healthcare worker strikes](#); [Nurses walk out of Austin's Ascension Seton in historic strike](#); [Health care deal flow will stabilize and improve as markets settle](#)

SCIENTIFIC R&D: [Illumina plans layoffs, closure of San Diego facility in push to save \\$100M a year](#); [Illumina filing with the US SEC](#)

AUTOMOTIVE: [Gotion \\$2.4bn battery parts plant](#); [Toyota \\$48M EV battery lab](#); [GM \\$3bn battery plant](#); [Lithium producers warn global supplies may not meet EV demand](#); [Ford to cut jobs in the US, Canada to trim costs](#)

C&IP: [Construction boom fuels surge in excavator sales](#); [U.S. durable-goods orders climb for a third month in a row but manufacturing slump may not be over](#)