



Actalent

# Labor Market & Economy Report

October 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. 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



150K

### Jobs Gained in October

U.S. employment increased by 150K jobs in October. Changes in employment were revised down by 62K for August and by 39K for September, meaning that less jobs were added during those months than initially reported.



62.7%

### Labor Force Participation Rate

The labor force participation rate fell by 0.1 percentage point to 62.7% in October, indicating that the share of the population either working or unemployed but looking for work slightly declined.



3.9%

### Unemployment Rate

The unemployment rate inched up 0.1 percentage point to 3.9% in October, higher than previous months but still considered low. Unemployment rates for engineering and sciences skill sets remain very low.



3.7M

### September Quits

Quits were unchanged at 3.7M in September. Layoffs fell from 1.7M in August to 1.5M in September.

# October 2023 Market Trends

A closer look at  
unemployment by industry  
and labor category



Overall Unemployment Rate

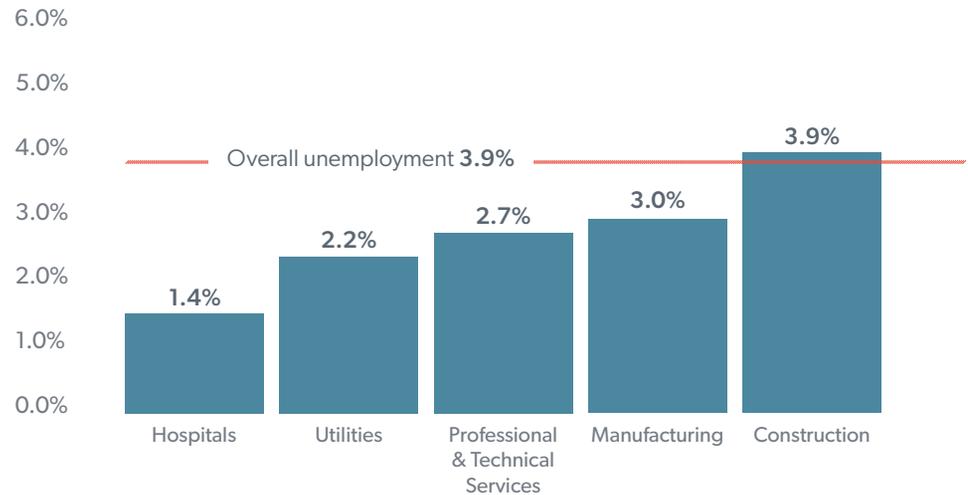


Unemployment Rate for Degreed  
Workers

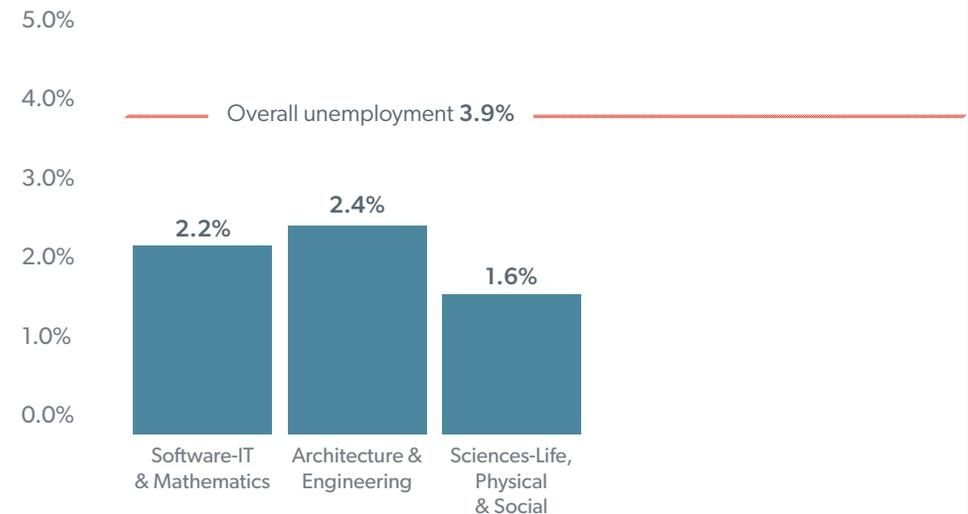


Ratio of unemployed workers  
(SW-HW-IT & Mathematics,  
Architecture & Engineering,  
Sciences) available per job  
opening.

### 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

The labor market showed several signs of easing in October: milder job gains, a higher unemployment rate, and slower wage growth. The unemployment rate gained attention, as it is now the highest it's been since January 2022, although 3.9% is still considered relatively low. Healthcare significantly led October's employment growth, while strike-related losses from automotive weighed down manufacturing. Overall, slower hiring, slower wage growth, and slower inflation all point to the soft-landing that the Federal Reserve wants to see before cutting interest rates.

+150K  
MoM

+1.9%  
YoY

## UTILITIES

GE announced that it will spin off its energy business, GE Vernova, in Q2 2024. GE's Q3 earnings highlighted the profitability of their Grid and Onshore Wind businesses, thanks to increased orders for equipment. Meanwhile, GE expects annual losses of around \$1B this year and next for its offshore wind business, and Ørsted announced it will cancel two of its offshore wind projects in the US. The offshore wind industry is facing very high costs and supply chain disruptions, which could delay the current pipeline of projects. M&A was trending in October for the oil and gas industry, with Chevron announcing its purchase of Hess shortly after Exxon Mobil's deal to buy Pioneer Natural Resources.

+800  
MoM

+0.7%  
YoY

## CONSTRUCTION

Construction sector job openings hit a 2023-high in September (latest data available), indicating very strong demand for workers despite volatility in the sector caused by high interest rates and high costs for labor and materials. After a steep incline in manufacturing construction spending throughout the first half of the year, spending has leveled off around record-high levels. Despite high spending, roadblocks including specialty labor shortages, permitting issues, and rising costs are causing delays in construction projects. Li-Cycle paused construction on its Rochester Hub, pending a review of the project, due to escalating construction costs. Consequently, a WARN document has revealed that MasTec, the general contractor for the Li-Cycle project, is closing its Rochester plant and laying off all 102 employees from the plant.

+23K  
MoM

+2.8%  
YoY

## ARCHITECTURE & ENGINEERING

The AIA/Deltek Architectural Billings Index (ABI) was 44.8 in September (latest data available), the lowest reported since December 2020. The sharp decline in the ABI indicates that "business conditions at architecture firms deteriorated," according to the AIA. The AIA report added that the value of newly-signed design contracts also declined, "indicating that there is increasing reluctance among clients to sign contracts committing to new projects." Penn State announced its architect – Populous – and construction manager – a tri-venture between Barton Malow, AECOM Hunt, and Alexander Construction co. – for the multi-year renovation of its Beaver Stadium. The stadium renovation is a \$700M project that will retain the seating capacity of 100,000+.

+2.6K  
MoM

+3.3%  
YoY

# Industry Trends, continued

## AEROSPACE & DEFENSE

UC Berkeley and NASA's Ames Research Center have announced plans to build a \$2B campus in Silicon Valley for aerospace R&D and to develop the next generation of aerospace professionals. The DOD increased its implementation of electronic warfare (EW) throughout October, as it has become an increasingly utilized tool amid global conflicts. Uncertainty around the future of government spending is making it difficult for defense contractors to manage investments and forecast for next year. Lockheed Martin declined to provide an outlook for 2024 in its Q3 earnings presentation due to "the current status of the 2024 U.S. defense budget, global geopolitical tensions and the macroeconomic environment."



## HEALTHCARE

A KFF study revealed that the average annual family premium for employer-sponsored health insurance spiked 7% in 2023 due to high inflation in 2022. WSJ explains that high inflation in 2022 "hit health insurance this year because hospitals tend to renegotiate fees with insurers only every few years, so the increases they sought to cover their own costs are now in turn affecting premiums." Kaufman Hall released survey results that reported labor shortages, claim denials, a decline in commercially insured patients, and a rise in bad debt/uncompensated care are still major hurdles to many hospitals' margins and their ability to provide quality patient care.



## SCIENTIFIC R&D

Moderna and Pfizer are progressing on each of their combination vaccines intended to protect against both Covid-19 and the flu. Moderna's Q3 earnings showed a continued decline in Covid-19 vaccine demand, but the company increased investment in clinical trials for respiratory and oncology programs. As part of a \$3.5B cost realignment program, Pfizer is planning to close its Peapack, NJ facility and its Kit Creek, Morrisville and Durham locations in NC. Several medical device manufacturers, including Abbott, Baxter, Boston Scientific, GE Healthcare, J&J, and Stryker reported strong medical device performance throughout Q3 thanks to a surge in elective procedures and easing staffing shortages.



## AUTOMOTIVE

Automotive manufacturing employment fell by 33,200, largely due to strike activity. As of Oct. 31, the UAW had reached at least a tentative agreement with each of the Detroit 3, so industry employment levels can be expected to normalize as the UAW ends their strikes with those automakers. Toyota announced it will invest an additional estimated \$8B into its EV battery manufacturing plant in Liberty, NC, creating 3,000 more jobs. Meanwhile, EV demand is slowing and inventories are building, influencing many automakers like GM, Honda, Ford, and Tesla to delay EV investments and production timelines or implement price cuts for existing products. While near-term headwinds are impacting production and revenue, auto forecasters believe long-term electrification goals are less likely to change.



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

The manufacturing sector lost 35,000 jobs in October, mostly due to the strike-related loss within the auto manufacturing industry. Manufacturing indexes still point to weakness within the sector, and RSM expects that weakness to continue, "as long as monetary policy stays restrictive, borrowing costs remain at or near current levels and geopolitical risk remains uncertain." On a brighter note, Intel and Samsung have reported a rebound in the semiconductor industry, with growing demand for AI, PCs, and smartphones generating chip demand. The Biden-Harris administration announced 31 Tech Hubs across the U.S. for the Tech Hubs Program, a part of the CHIPS and Science Act, which will drive technological innovation and job creation. The recipients of 29 Tech Hubs Strategy Development Grants were also announced.



# Wages in the United States

How they've changed.

+3.2%



## Consumer Price Index

The consumer price index increased 3.2% year-over-year. This is the lowest inflation reading since June of this year (3.1%) and is significantly down from the 40-year-high 9% recorded in June 2022. The CPI for all items minus food and energy was higher, at 4.0% year-over-year.

+4.1%



## Wage Increases

Average hourly earnings increased 4.1% year-over-year, which was lower than September's recording of 4.3%. Slowing wage growth puts less pressure on inflation, which is a good sign for the "soft landing" the economy hopes to achieve.

+0.8%



## "Real" Earnings

Real, inflation-adjusted, hourly earnings increased 0.8% year-over-year in October. In other words, workers are making slightly more than they were making last year after adjusting their wages for inflation.

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# References

## Read more about trends in Engineering & Sciences

**UTILITIES:** [GE Announces Third Quarter 2023 Results](#); [GE Offshore Wind to post \\$1 billion loss in 2023, again in 2024](#); [Ørsted cancels two offshore wind projects along New Jersey coast](#); [America's Offshore Wind Ambitions Are Coming With Bigger Price Tags](#); [Chevron to Buy Hess for \\$53 Billion](#)

**CONSTRUCTION:** [Job Openings: Construction \(FRED\)](#); [Total Construction Spending: Manufacturing in the US \(FRED\)](#); [3 manufacturing megaprojects delayed by labor, permitting issues](#); [Li-Cycle Announces Review of the Rochester Hub Project](#); [MasTec closes Rochester, New York, plant](#)

**ARCHITECTURE & ENGINEERING:** [ABI September 2023: Architecture firm billings decline sharply](#); [Architect, construction manager, consultant selected for stadium renovations](#); [Penn State Hires Populous for Beaver Stadium Renovation Plan](#)

**AEROSPACE & DEFENSE:** [NASA Ames, UC Berkeley to build \\$2 billion space center in Silicon Valley](#); [Raymond James Defense & Space Quarterly Market Report](#); [Global Security Risks Are Up. Defense Stocks Aren't.](#)

**HEALTHCARE:** [KFF Employer Health Benefits Survey 2023](#); [Health Inflation's Big Hike This Year, in Charts](#); [Labor shortages, claims denials, supply chain still hamstringing hospital margins, survey shows](#)

**SCIENTIFIC R&D:** [Pfizer and BioNTech Announce Positive Topline Data...](#); [Moderna combo COVID-19/flu vaccine effective in early-stage trial](#); [Moderna Reports Third Quarter 2023 Financial Results...](#); [Pfizer Reports Third-Quarter 2023 Results](#); [Pfizer plans to shutter New Jersey site...](#); [J&J 3rd Quarter 2023 Results](#); [Stryker in 'sprint back to 2019' ...](#); [GE HealthCare's Results...](#); [Baxter International beats Q3 profit estimates...](#)

**AUTOMOTIVE:** [UAW, GM reach tentative contract deal; union says strike ending](#); [Toyota to expand North Carolina EV battery plant with \\$8B investment](#); [EV transition slows as inventory grows and industry hits hurdles](#); [Automakers Have Big Hopes for EVs](#); [Buyers Aren't Cooperating](#)

**C&IP:** [October 2023 Manufacturing ISM Report on Business](#); [RSM US Manufacturing Outlook Index: Financing costs and UAW strike take a toll](#); [After a Boom and Bust, the Chip Industry is Regaining its Health](#); [Regional Technology and Innovation Hubs \(Tech Hubs\)](#)