



Labor Market & Economy Report

January 2026

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



Jobs Gained in January

U.S. employment increased by 130,000 jobs in January. Job growth was driven by healthcare, social assistance and construction, while federal government and financial activities lost jobs.



Labor Force Participation Rate

The labor force participation rate increased by 0.1% to 62.5% in January, indicating little change in the share of the population that was working or actively seeking work.



Unemployment Rate

The unemployment rate declined from 4.4% in December to 4.3% in January. Unemployment rates close to 4.0% suggest a small supply of workers who are unemployed and actively seeking work.



December (2025) Layoffs

Layoffs increased from 1.7 million in November to 1.8 million in December. Quits were unchanged at 3.2 million. Note that quits and layoffs data lag one month behind other employment data.

January 2026 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

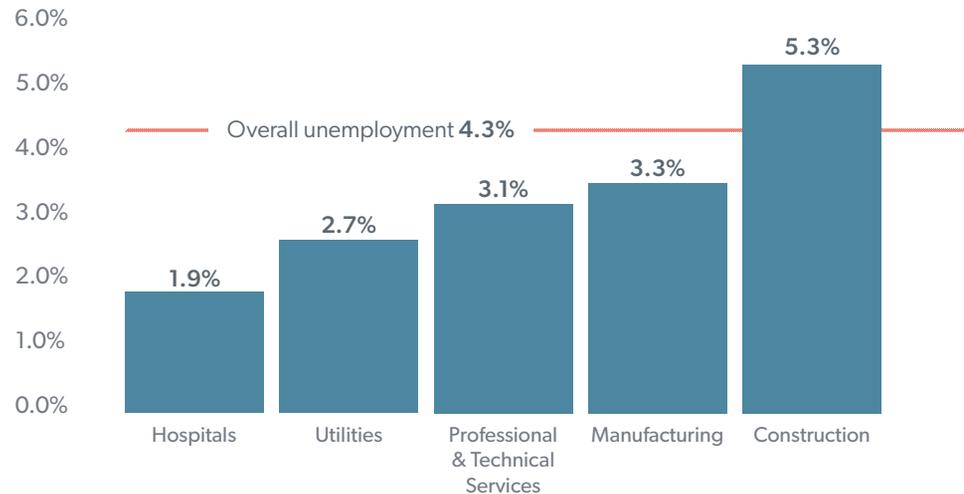


Unemployment Rate for
Degreed Workers

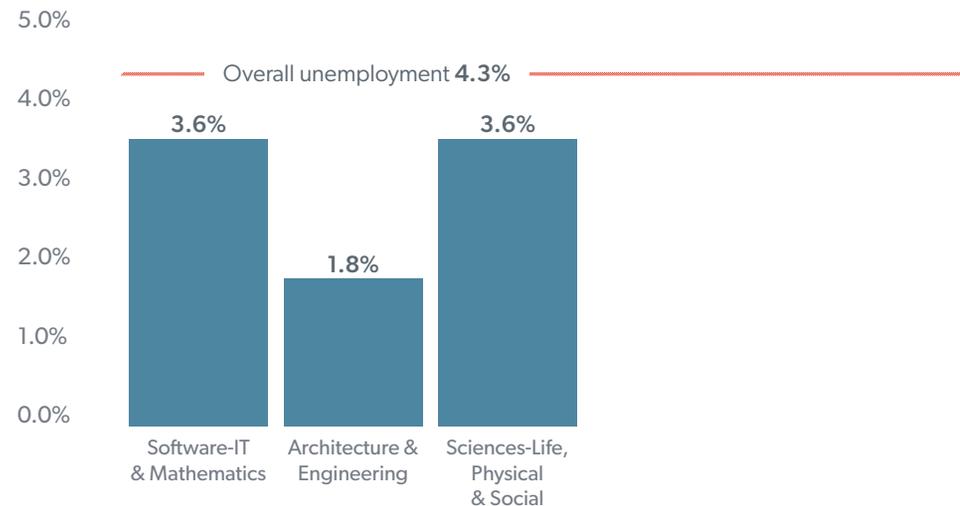


Ratio of unemployed workers
(Software-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening.

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

In January, U.S. employment unexpectedly grew by 130,000 jobs and the unemployment rate fell to 4.3%. However, following its annual benchmark revision, the BLS now estimates that employment rose by just 181,000 jobs in 2025, far below the previously-estimated 584,000. According to the CRS, benchmark revisions are often large when employment trends shift unexpectedly, as BLS models struggle to capture off-trend changes. Many experts attribute growing challenges in employment measurement to declining survey response rates, changing employment patterns, budget cuts and staff turnover. Overall, the revisions reinforce the current labor market's "low-hire, low-fire" character and highlight how uneven job growth has been, with healthcare accounting for most gains.



UTILITIES

Newly-posted jobs in the utilities industry rose 12% in January, with the most demand (13,605 new postings) in the "other electric power generation" segment. After a December stop-work order halted five offshore wind projects, federal courts cleared all five to resume construction. However, Bloomberg cautions that policy uncertainty may deter further investment in wind projects, which were already facing financial and technical headwinds under the prior administration. In contrast, gas and energy storage are gaining momentum. Despite softening U.S.-based wind orders, GE Vernova's gas turbine backlog is growing, supported by demand from data centers. Battery storage is the fastest-growing part of NextEra's backlog, and SolarMax Technologies plans to deploy three BESS projects across Texas and Puerto Rico.



CONSTRUCTION

The construction sector added 33,000 jobs in January, led by nonresidential construction, which added 27,900 jobs. Nonresidential specialty trade contractors alone added 25,100 jobs. In separate analyses, both AGC and ABC reported that tariffs are pushing construction material prices higher. ABC pointed to copper wire and cable prices, which are up more than 22% year over year, while AGC noted that high tariff rates on imported metals are allowing U.S. producers to raise prices. AECOM said last year's federal government shutdown resulted in award delays, but that federal work should pick back up in the second and third quarters of 2026 now that there has been a resolution.



ARCHITECTURE & ENGINEERING

A recent AIA survey found that a substantial share of architectural firms have seen projects delayed, stalled or canceled in the past six months. Key factors included client delays and indecision, client hesitation amid changing market conditions and insufficient construction budgets. Engineering and drafting services firms continue to offset job losses in architecture, and the broader architectural, engineering and related services industry added 4,600 jobs in January. Last month, Jacobs committed to multiple water and wastewater projects across Washington, Virginia and California and was selected to deliver engineering, procurement and construction management services for a Louisiana data center. These wins reflect key growth drivers for engineering services, including infrastructure, utilities and data centers.

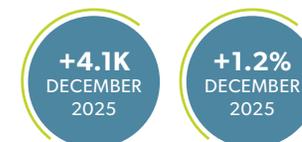


MoM = Month over month
YoY = Year over year

Industry Trends, continued

AEROSPACE & DEFENSE

The A&D labor market picked up last month, with job postings across aerospace products and precision instruments manufacturing up 9% from December to January. More than 100 companies posted for systems engineers, manufacturing engineers, quality inspectors and quality engineers, indicating intense competition for experienced workers in those roles. After decades of consolidation among defense companies, L3Harris Technologies announced plans to pursue an IPO of its Missile Solutions business in the second half of 2026, supported by a \$1 billion Pentagon investment. Longer-term Pentagon demand commitments are enabling firms to consider more aggressive capital investments.



HEALTHCARE

For 2025, Rock Health found that “AI-enabled” companies captured 54% of U.S. digital health startup funding, while SVB reported that AI represented 46% of total healthcare investment. Provider operations (e.g., back-office or revenue cycle) currently dominate AI-enabled tools, but medical-knowledge tools are gaining traction. In January, BMS announced an agreement with Microsoft to advance AI-driven early detection of lung cancer, while Anthropic and OpenAI released healthcare-specific offerings. Healthcare job postings requiring AI skills have increased 158% year-over-year. Experts warn of heightened legal and ethical risks associated with AI in healthcare, including the potential for inaccurate medical information. Ostro’s CEO stressed that LLMs belong before and after the point of care, “not autonomously in it.”



SCIENTIFIC R&D

In January, J&J and AbbVie each signed drug pricing agreements under the MFN policy, gaining tariff exemptions while furthering their U.S. investments. AbbVie committed \$100 billion in U.S. R&D and capital projects over the next decade, and J&J announced two new facilities in Pennsylvania and North Carolina as part of its \$55 billion investment plan. Eli Lilly announced plans to invest over \$3.5 billion in a new injectable medicine and device manufacturing facility in Pennsylvania, creating 2,000 construction jobs and 850 jobs for engineers, scientists, operations personnel and lab techs. Meanwhile, companies like J&J and BMS are pursuing new revenue streams amid patent expiries, and CMS named 15 additional drugs for the next IRA price-negotiation round, including drugs made by GSK, Gilead, Novartis and others.



AUTOMOTIVE

Over the last three months, the motor vehicle and parts manufacturing industry saw higher demand for controls engineers (726 postings, +40% since November), manufacturing engineers (1,015, +30%) and mechanical engineers (310, +23%). Auto News reported stronger supplier confidence in Q4 2025, fueled by healthy customer demand and supply chain reliability. However, rising input costs, limited pricing power and policy uncertainty are contributing to more pessimistic six-month outlooks. Auto News estimates parts makers cut at least 60,000 jobs in North America and Europe in 2025, and that cost pressures could lead to consolidation in 2026. Meanwhile, OEMs are investing more in robots, with Ram using a robot for inventory management and Hyundai planning to deploy a humanoid robot at its Georgia complex in 2028.



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

Meta cut roughly 10% of its Reality Labs workforce (about 1,000 jobs) in January as part of a shift in investment from virtual reality and metaverse efforts to AI wearables and mobile devices. Meta projects 2026 capital expenditures of \$115-135 billion and total expenses of \$162-169 billion as it ramps up spending on AI and data center infrastructure. While demand for AI skills is increasing, AI-related hiring is likely still in the early stages. A Udemy-Indeed report found that more workers are enrolling in AI skills courses, but manufacturers’ job postings show stronger growth in demand for soft skills, quality control and lean manufacturing than for AI skills. Separately, the U.S. is cutting tariffs on Taiwanese goods in exchange for \$250 billion in investments toward the U.S. semiconductor, energy and AI industries.



MoM = Month over month
YoY = Year over year

Wages in the United States

How they've changed

+2.4%



Consumer Price Index

The consumer price index (CPI), a measure of inflation, increased by 2.4% for the 12 months ending January, down from 2.7% in December 2025. At its January meeting, the Federal Reserve maintained interest rates, citing signs of stabilization for the unemployment rate and ongoing uncertainty about the economic outlook.

+3.7%



Wage Increases

Average hourly earnings increased by 3.7% for the 12 months ending January. This was unchanged from December's year-over-year increase (revised down from 3.8%).

+1.2%



"Real" Earnings

Real average hourly earnings increased by 1.2% between January 2025 and January 2026. In other words, despite average hourly earnings increasing by 3.7% year-over-year, workers may only feel as if they're making about 1.2% more, on average, due to inflation.

References

Read more about trends in Engineering & Sciences

OVERALL: [Current Employment Survey Benchmark Revisions; Job Growth Was Overstated, New Data Shows; January 2026 Jobs Report: Revisions to 2025 Data Made an Already Bad Year Worse](#)

UTILITIES: [Lightcast Job Posting Analytics; Trump administration is now 0-5 in latest effort to halt offshore wind; Trump Is Winning the Fight Against Offshore Wind Despite Court Losses; GE Vernova 4Q '25 Earnings Press Release; AI Boom Shifts the Mix of GE Vernova's Customers...; NextEra 4Q 2025 Slides; SolarMax Technologies to deploy three utility-scale BESS projects...](#)

CONSTRUCTION: [Construction Employment Increased By 33,000 In January...; ABC: Nonresidential Construction Adds Solid 27,900 Jobs in January; ABC: Tariffs Drive Construction Materials Prices Up...; Double-digit Increases In Aluminum, Steel and Copper Costs Drive Up Producer Price Indexes...; AECOM pins hopes on highway bill...](#)

ARCHITECTURE & ENGINEERING: [ABI December 2025; Renewing Commitment to Vancouver, Washington's Wastewater Systems; Jacobs Expands Water Infrastructure Modernization Role in Virginia; Jacobs Awarded Contract to Modernize One of the Largest Advanced Wastewater...; Jacobs Appointed Engineering, Procurement and Construction...](#)

AEROSPACE & DEFENSE: [Lightcast Job Posting Analytics; L3Harris Accelerates 'Arsenal of Freedom' ...; L3Harris Missile Deal Signals Breakup Craze Could Come to Defense](#)

HEALTHCARE: [2025 year-end digital health funding overview...; Healthcare Industry Trends H1 2026; Bristol Myers Squibb Announces Collaboration with Microsoft...; ChatGPT for Healthcare, Claude AI pose governance challenges; Lightcast Job Posting Analytics](#)

SCIENTIFIC R&D: [Johnson & Johnson Reaches Agreement with U.S. Government...; AbbVie and Trump Administration Reach Agreement...; Lilly selects Pennsylvania as home for its newest...; J&J eyes \\$100B in sales amid gains for cancer, immune drugs; JPM26: BMS plans confidence in core pipeline to weather 2030 patent cliff; CMS Announces Selection of Drugs for Third Cycle of Medicare Drug Price Negotiation Program...; CMS selects next batch...](#)

AUTOMOTIVE: [Lightcast Job Posting Analytics; Suppliers hopeful about their businesses...; Cost pressures expected to trigger supplier consolidation...; Meet the robot that makes sure Stellantis plant can keep pickup line running; Hyundai unveils humanoid robotics strategy...](#)

C&IP: [Meta Begins Job Cuts as It Shifts From Metaverse to AI Devices; Meta estimates 2026 capex to be between \\$115-135bn, as data center spend grows; META Q4 2025 Earnings Call Transcript; Manufacturers Not Hiring for AI Skills Despite Worker Upskilling...; Fact Sheet: Restoring American Semiconductor...](#)

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