

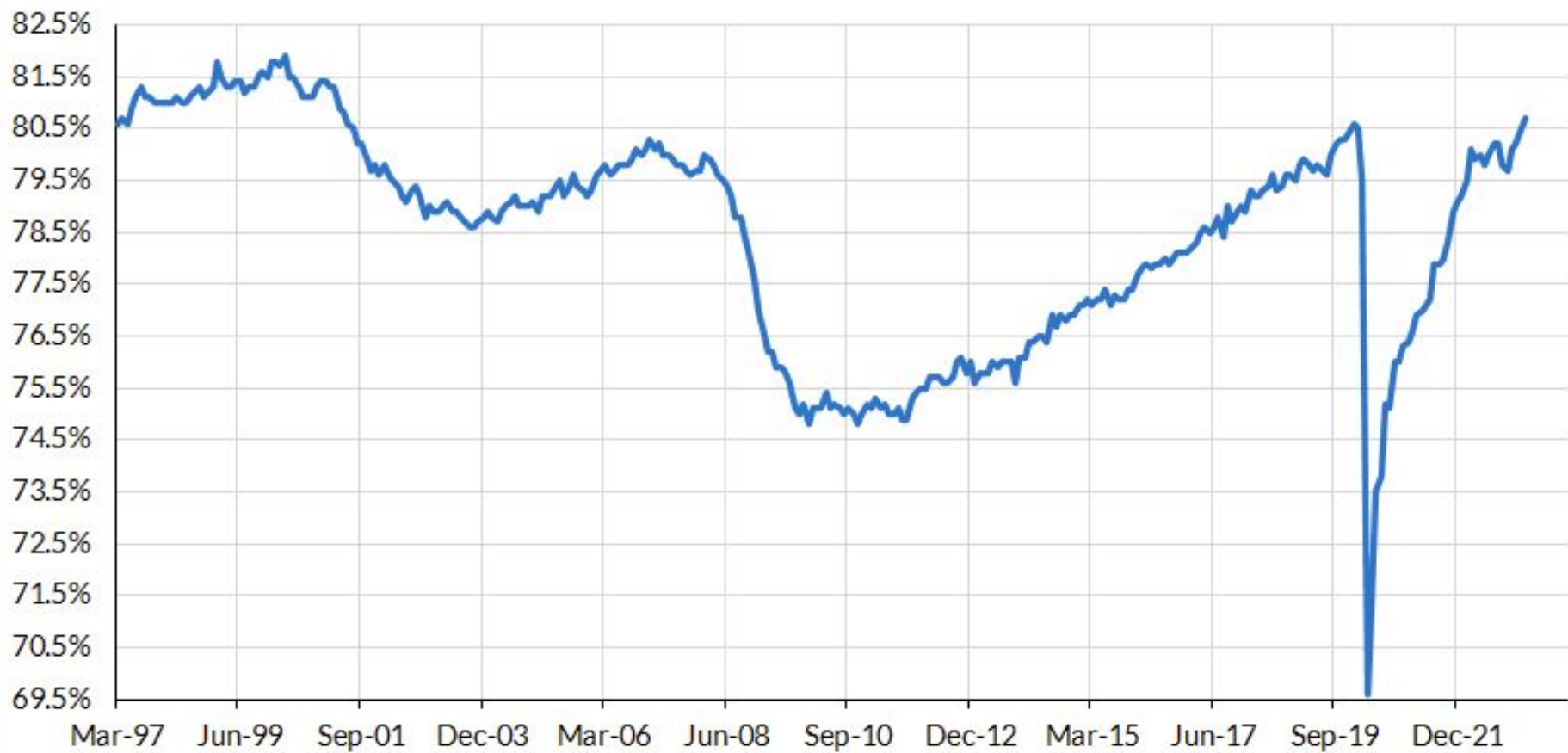
State of the Labor Market

Skanda Amarnath
Employ America
May 4, 2023

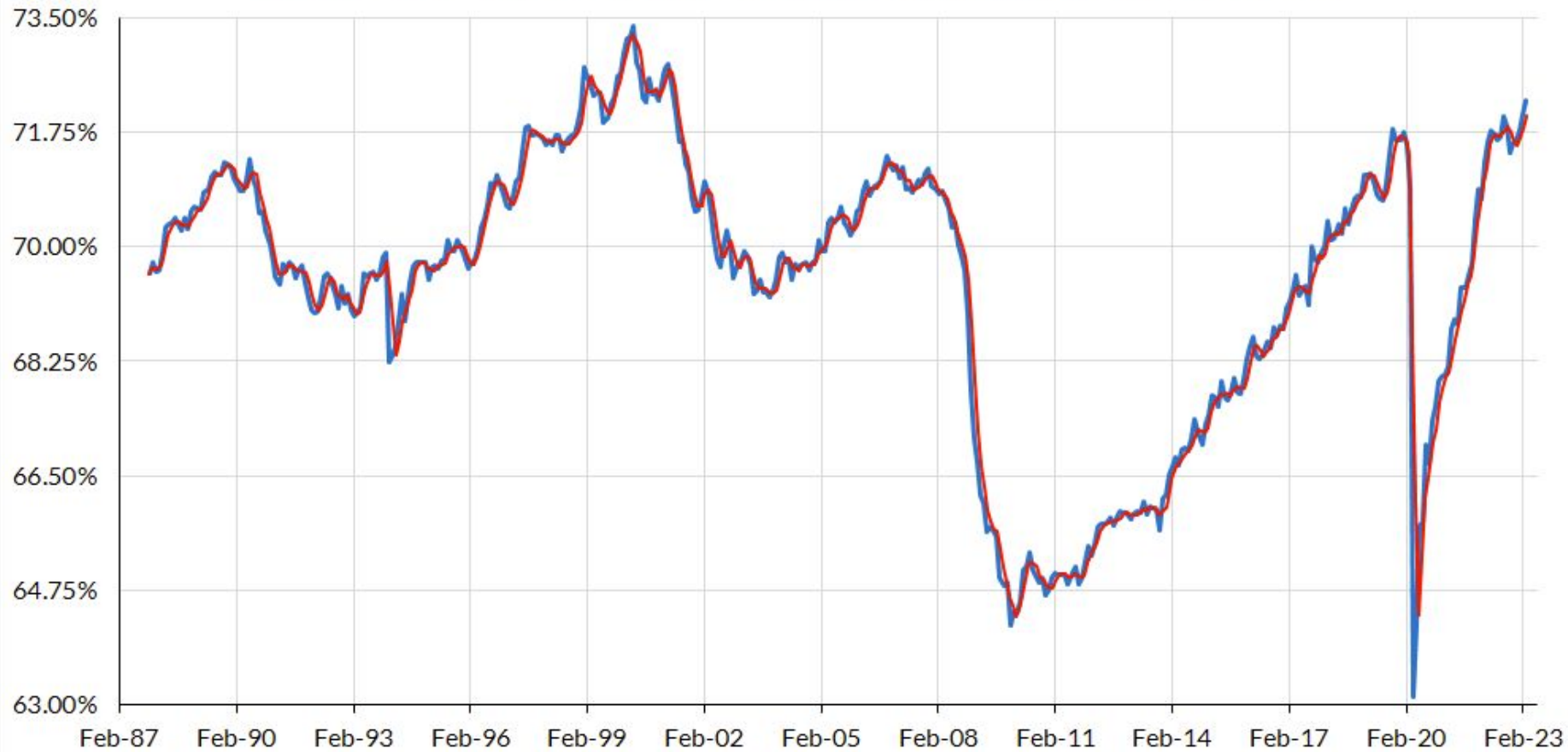


- Employment rates have recovered robustly
 - Must adjust for aging
 - Full-time jobs outperforming
 - Racial employment gaps are narrowing
- Wage growth & compression
 - Lowest wage workers have seen the strongest wage gains
- Real wage declines driven by price increases
 - Supply chains
 - Geopolitical shocks
 - Demand speed limit effects
 - Not primarily wage-driven!

Prime-Age 25-54 Employment Rate

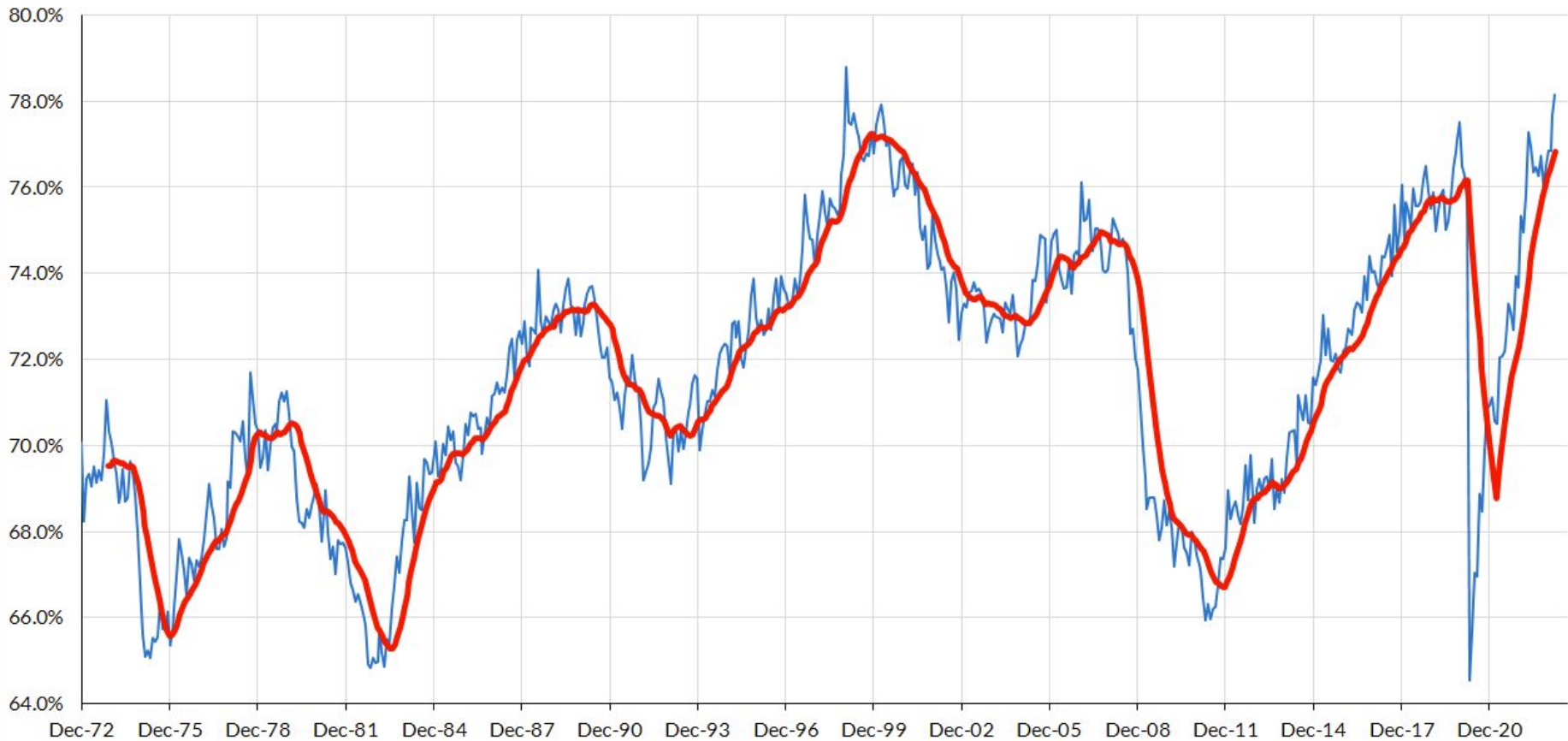


— Prime-Age 25-54 Full-Time Employment-to-Population Ratio (SA)
— Prime-Age 25-54 Full-Time Employment-to-Population Ratio (SA, 3-Month Moving Average)



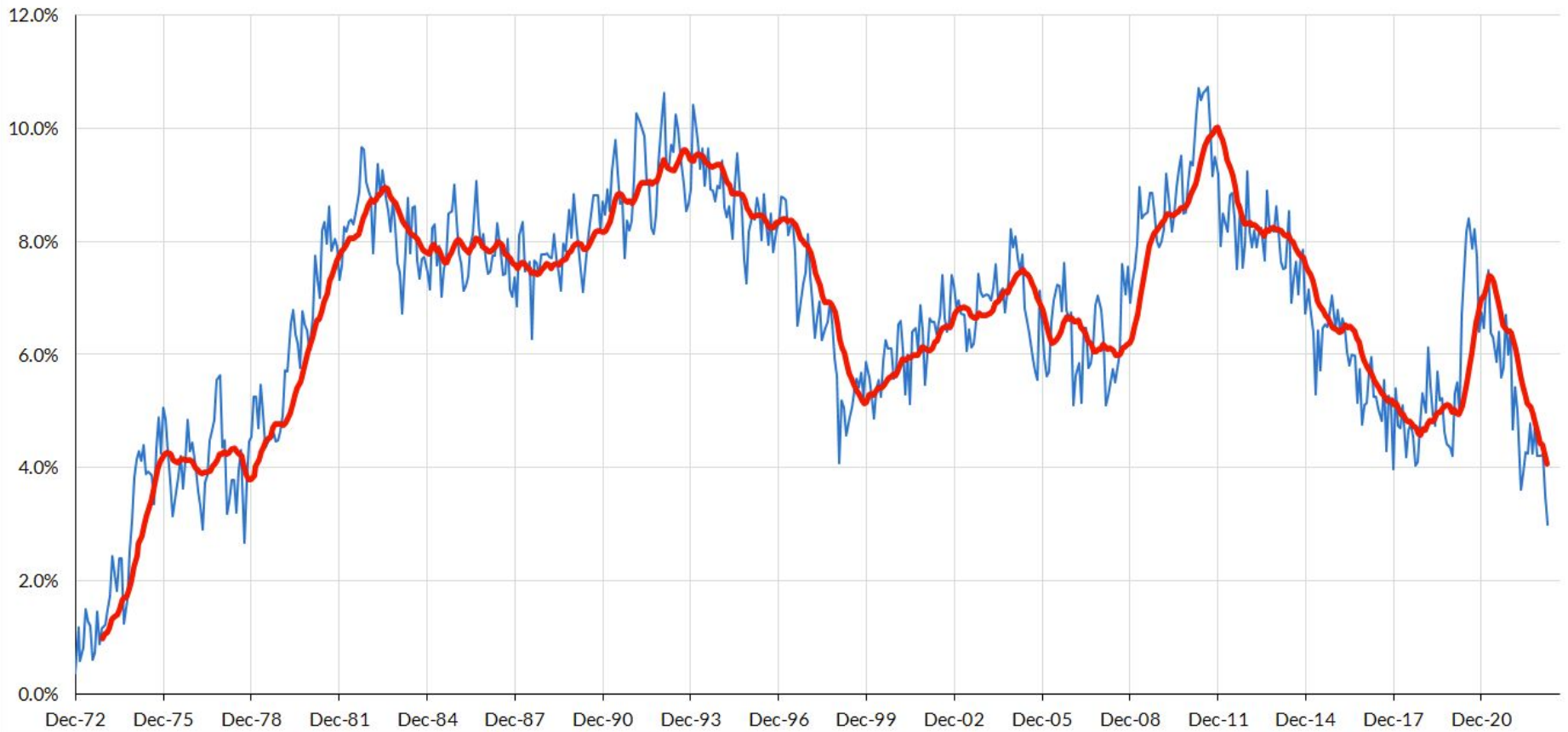
Prime-Age 25-54 Employment % Rate - Black or African American

— Seasonally Adjusted — 12-Month Moving Average



Difference in Prime-Age 25-54 Employment % Rates - White Less Black

— Seasonally Adjusted — 12-Month Moving Average

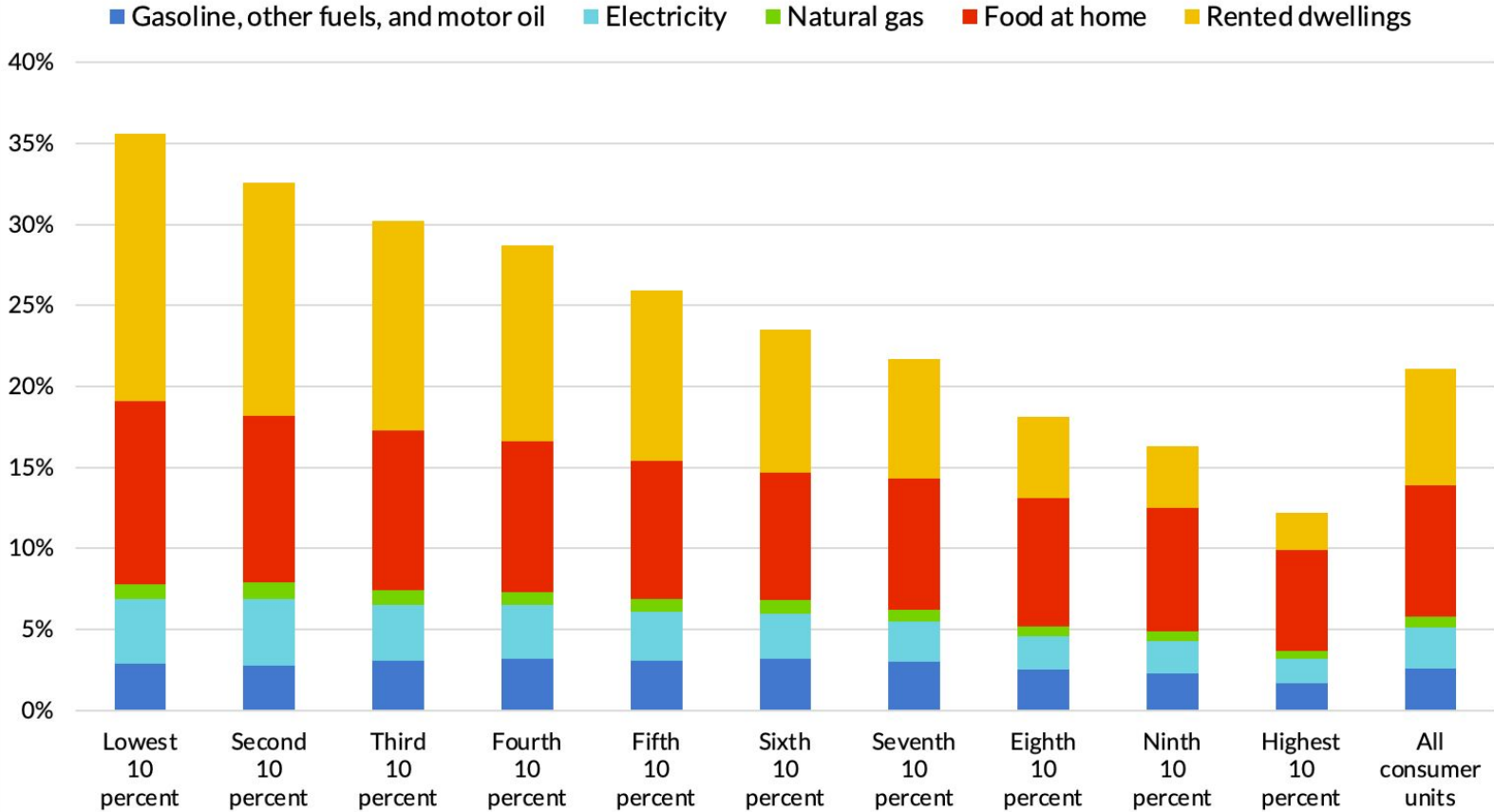


The lowest paid Americans have experienced strongest pay growth

Real hourly wage index (Jan 2020 = 100)



Cumulative Share of Budget Occupied by Inflation-Sensitive Items by Income Level

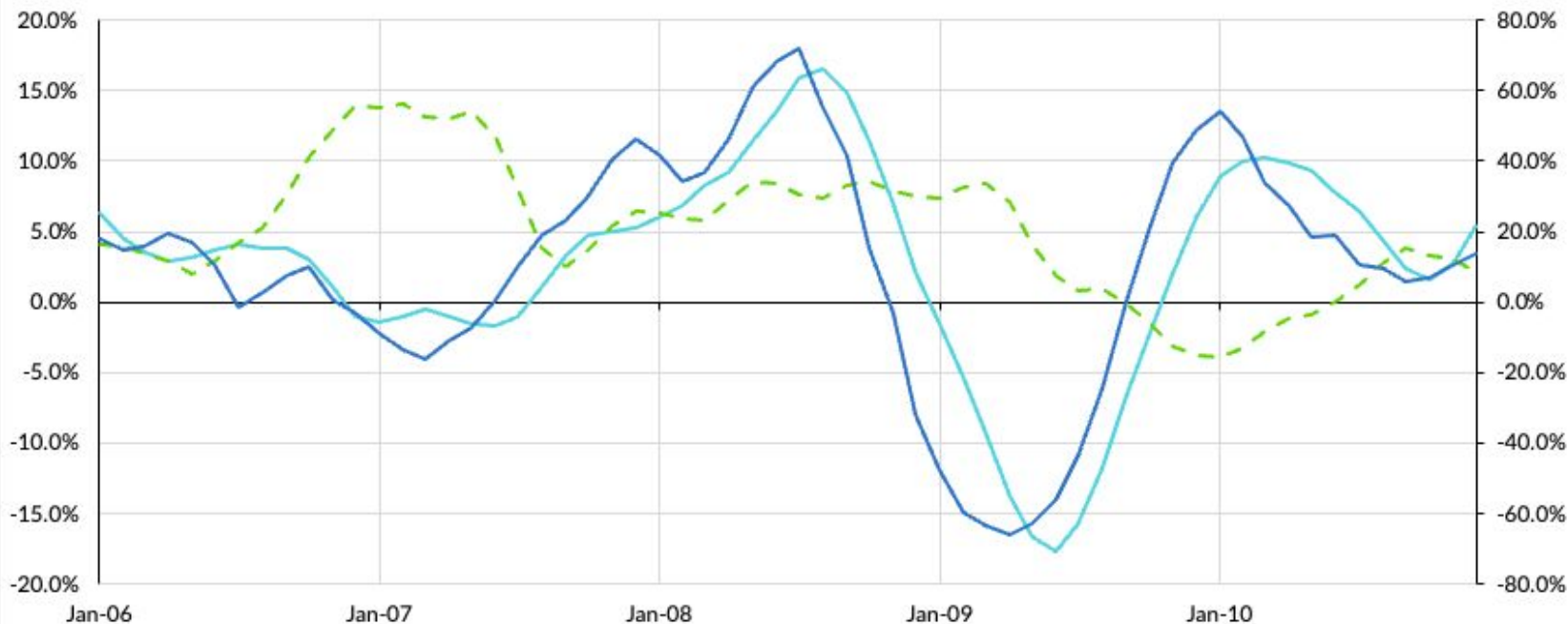


Throughout the 2000s, Airfare CPI Tracked Fuel Prices Much Closer Than Air Transportation Wages

— CPI: Airline Fares in U.S. City Average, Index 1982-1984=100, 3MMA (LHS)

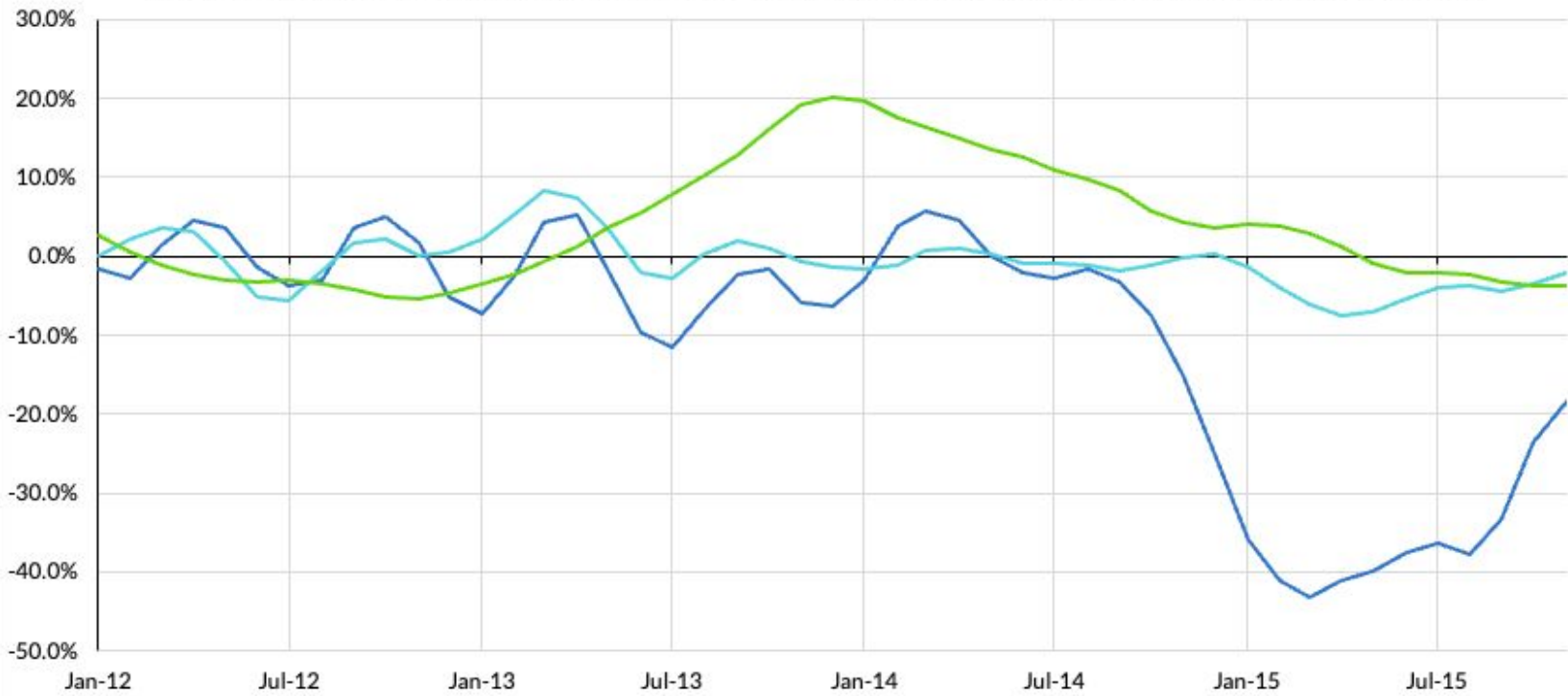
- - - Average hourly earnings of production and nonsupervisory employees, air transportation, seasonally adjusted, 3MMA (LHS)

— Kerosene-Type Jet Fuel Prices, Dollars per Gallon, 3MMA (RHS)



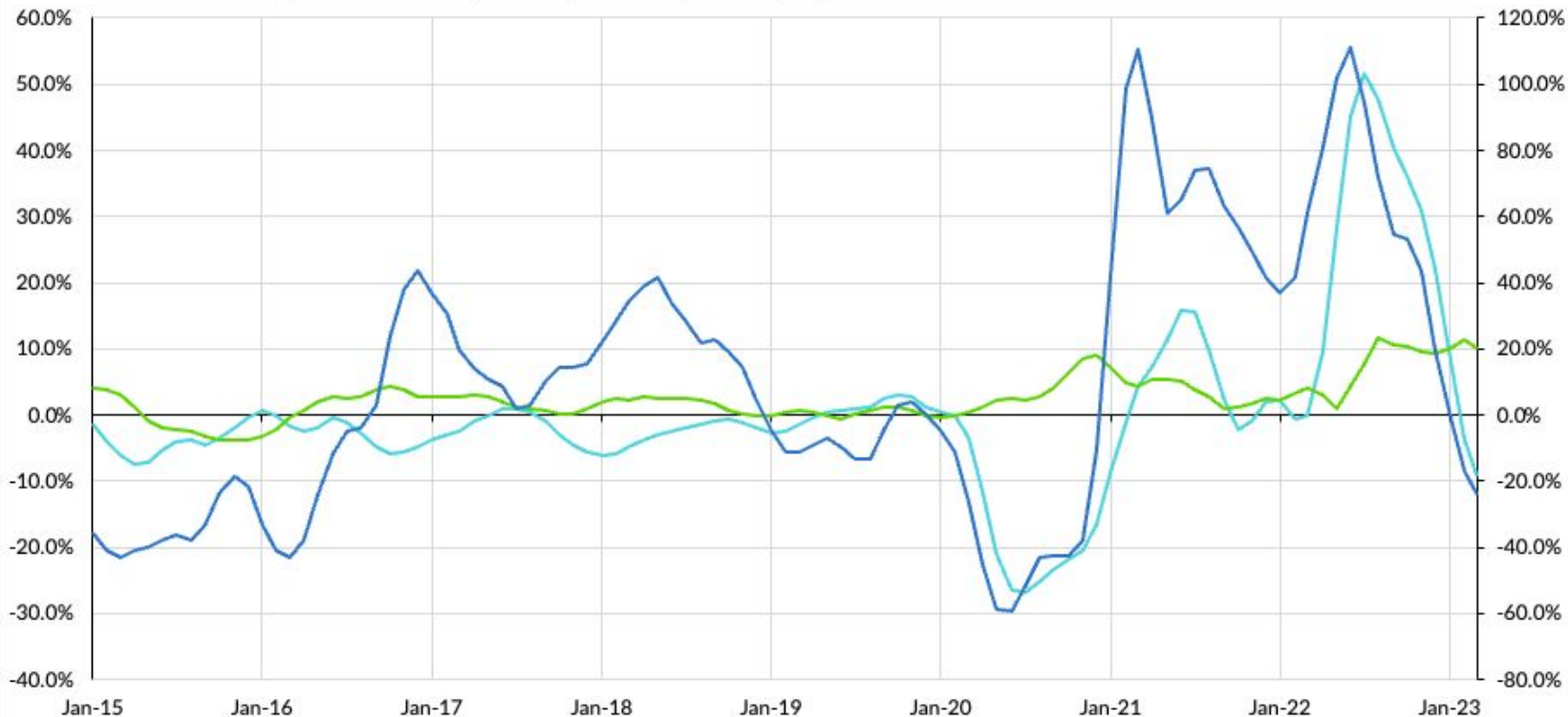
In the 2010s, Air Transportation Wages Rose Substantially Without A Corresponding Move in Airfare CPI

- Kerosene-Type Jet Fuel Prices, Dollars per Gallon, 3MMA
- CPI: Airline Fares in U.S. City Average, Index 1982-1984=100, 3MMA
- Average hourly earnings of production and nonsupervisory employees, air transportation, seasonally adjusted, 3MMA



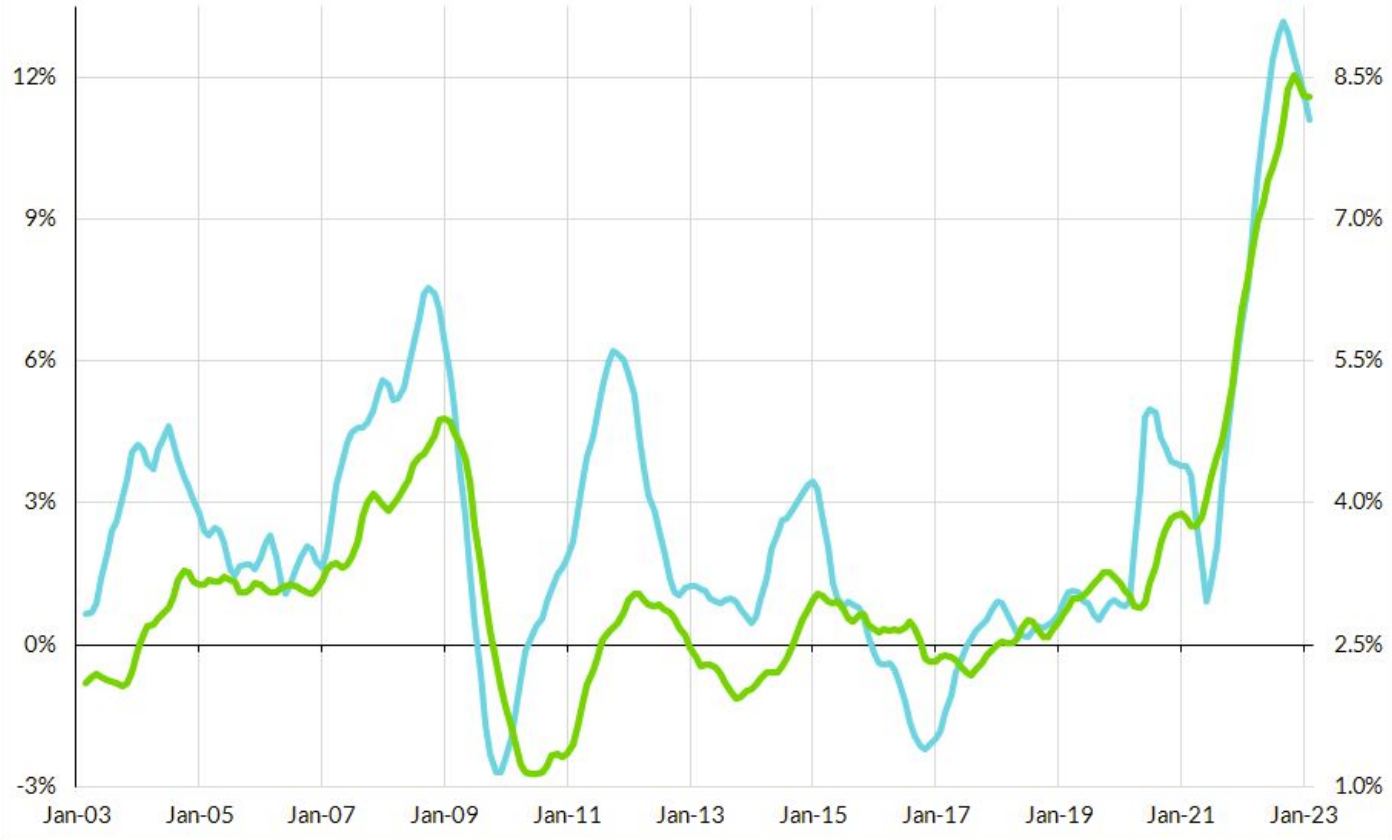
Recent Airfare CPI Is Clearly Dominated By Fuel—Not Wages

- CPI: Airline Fares in U.S. City Average, Index 1982-1984=100, 3MMA (LHS)
- Average hourly earnings of production and nonsupervisory employees, air transportation, seasonally adjusted, 3MMA (LHS)
- Kerosene-Type Jet Fuel Prices, Dollars per Gallon, 3MMA (RHS)



Food and Related CPI Components
(Year-over-year % Change, 3-month Moving Average)
(Component - Last Month CPI Weight)

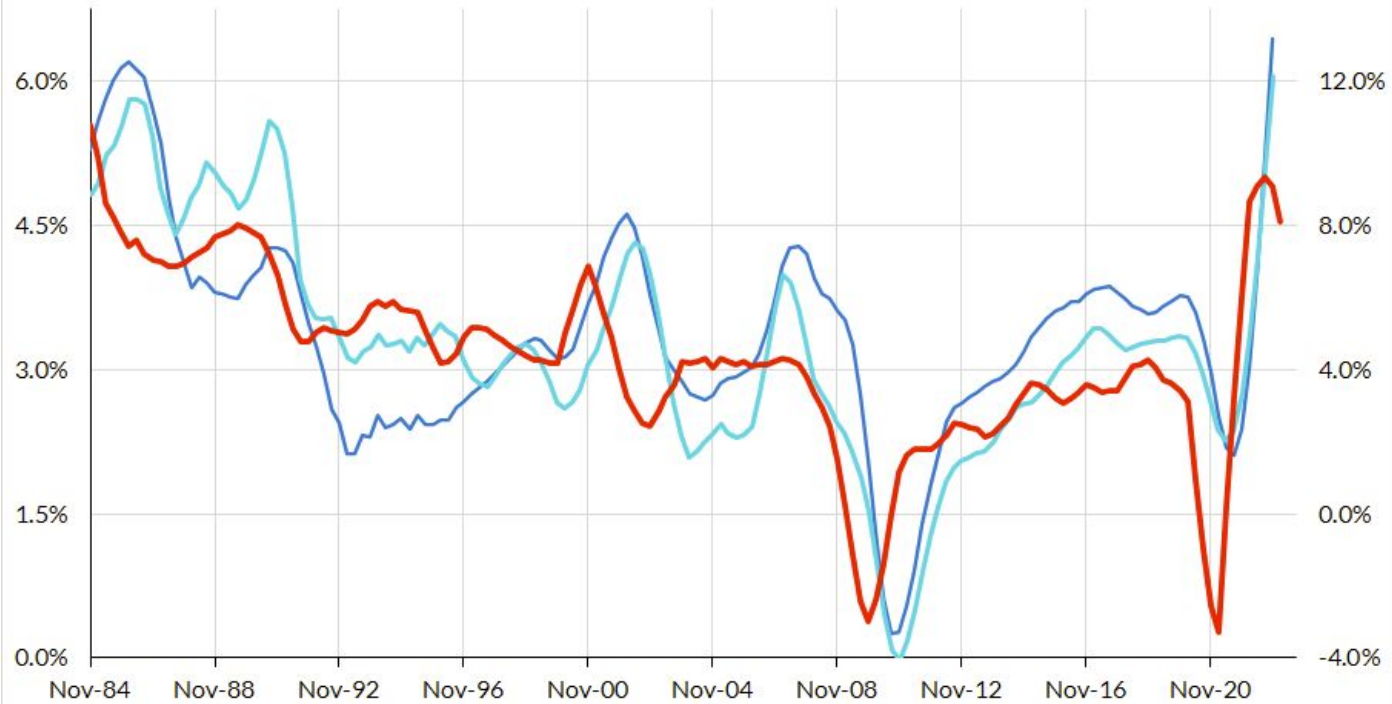
Food At Home - 8.73% Food Away From Home - 4.8% (Right Axis)



"Speed" of Employment & Wage Gains Affect "Persistent" Cyclical Inflation (Not The "Level" of Employment Itself)

Year-over-Year % Change
(4-Quarter Moving Average)

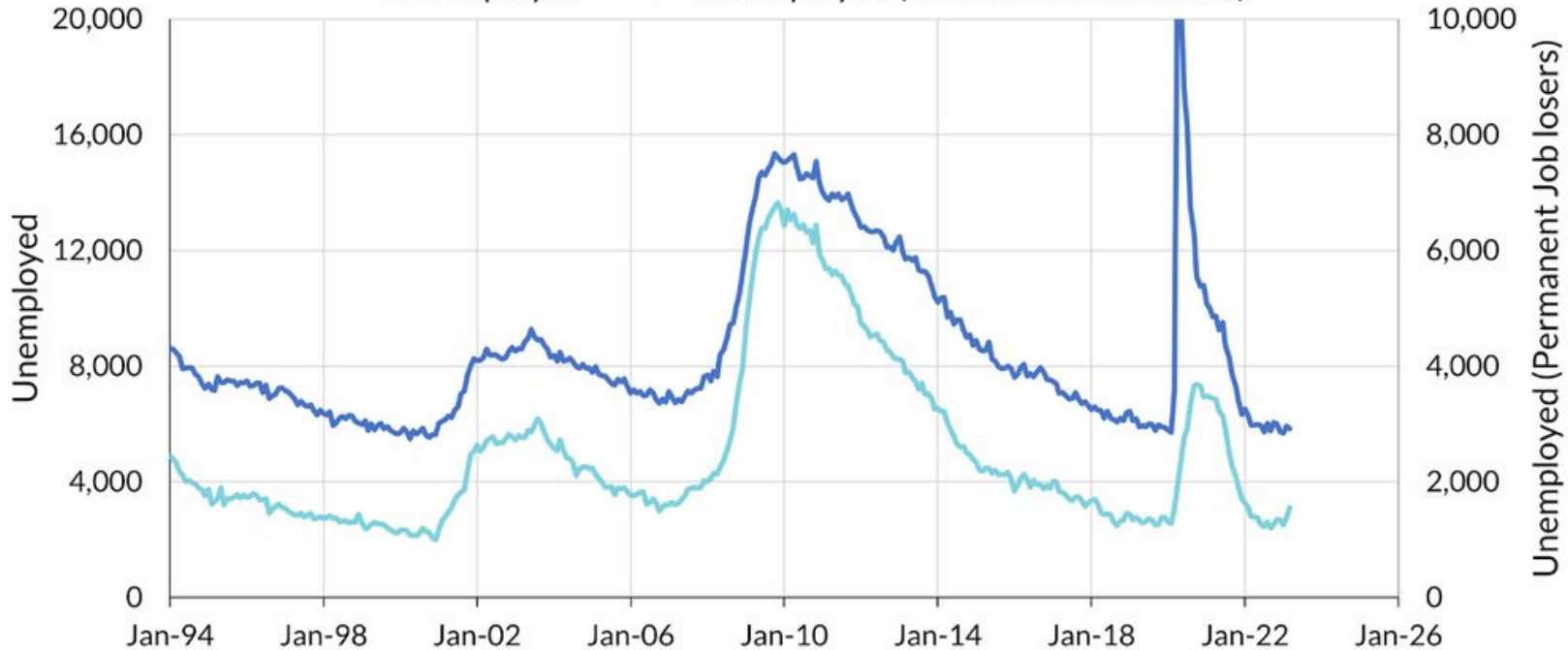
- Rent CPI (Left Axis)
- Owners' Equivalent Rent CPI (Left Axis)
- Real-Time Labor Income Growth: Prime-Age Employment * ECI (Compensation) - (Right Axis)



Increases in Permanent Job Losers are Associated with Recessions

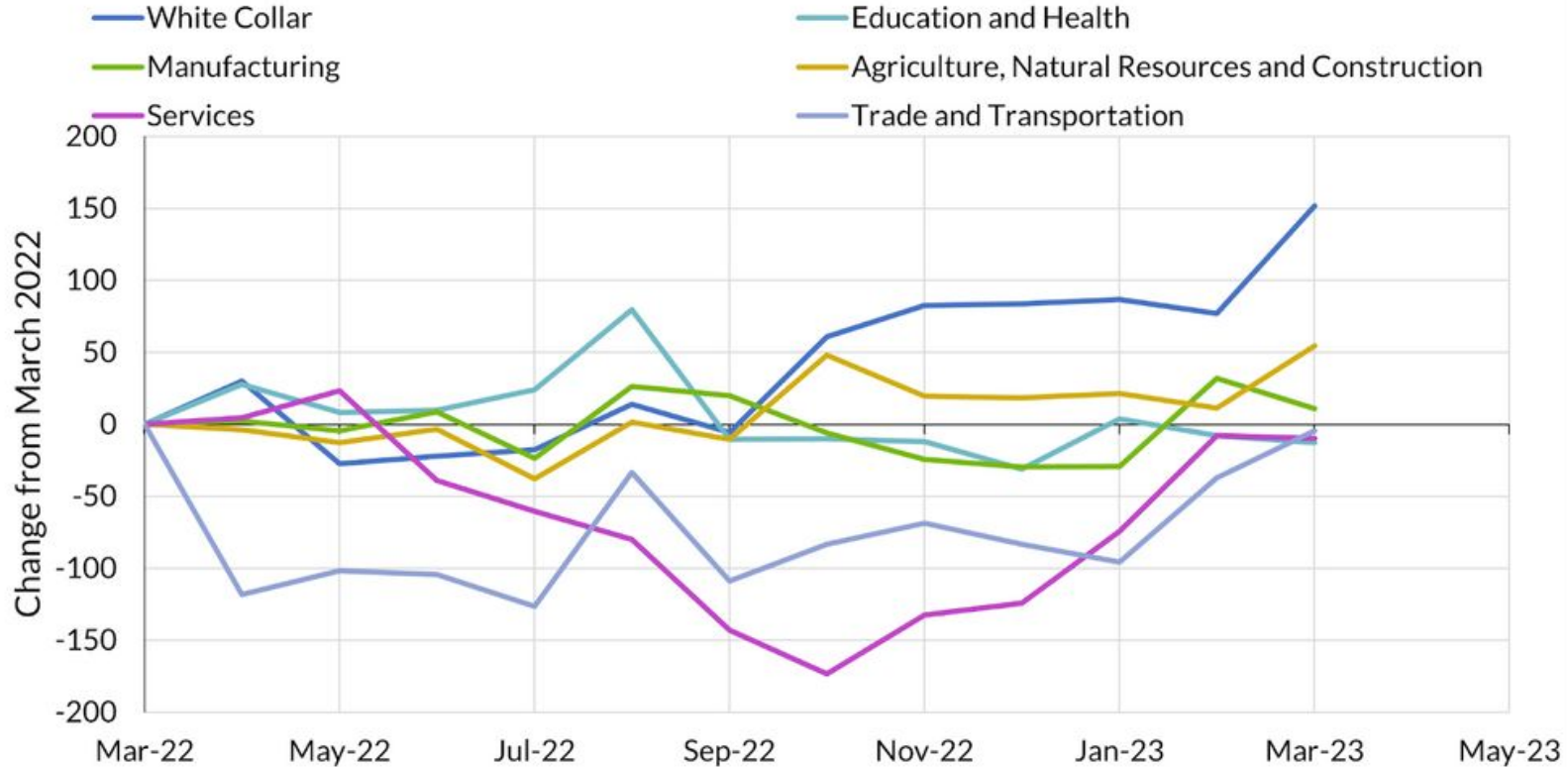
Thousands of Persons, Seasonally Adjusted

— Unemployed — Unemployed (Permanent Job Losers)



Change in Permanent Job Losers, by Occupation

Thousands of Persons, Unemployed Job Losers. Not Seasonally Adjusted.



Making New (Non-Inflationary) Prime-Age Employment Rate Gains Is Normal (4-Quarter Moving Averages vs 2000Q1)

USA Canada Japan New Zealand United Kingdom Australia

