

## Macro Roundup Article

**Headline:** [Are Real Wages Catching Up?](#)

**Article Link:** <https://www.atlantafed.org/blogs/macroblog/2024/06/27/are-real-wages-catching-up#:~:text=While%20real%20wage%20growth%20has,the%20sudden%20burst%20in%20inflation.>

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**Tweet:** [Adjusted for CPI inflation, the Q1 2024 Employment Cost Index of wages and benefits per hour is 3pp under its Q1 2021 level. @Jose\\_MariaRD @I\\_Am\\_NickBloom @Davis\\_StevenJ](#)

**Summary:** While real wage growth has turned slightly positive in recent months, the level of real wages is still below where they were at the onset of the inflation surge that we began to see in the first quarter of 2021. Simply put, real wages haven't fully caught up to the sudden burst in inflation. For example, the cumulative growth in the CPI since the beginning of 2021 is nearly 18% (through the first quarter of 2024). The Employment Cost Index (ECI)—one of the broadest measures of wage growth and which at least partially accounts for compositional shifts in the labor force—is up a little less than 15% over that period, leaving cumulative real wage growth roughly 3pp below zero. This decline in real wages is unusual compared to what the ECI typically depicts. During the prior expansion, real growth in the ECI averaged around 0.5pp per year. Projecting that over the period from the first quarter of 2021 to the first quarter of 2024 would have led to a cumulative increase in the real ECI of 1.5 percentage points.

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**Primary Topic:** Wages/Income

**Topics:** Database, GDP, Inflation, Op-Ed/Blog Post, Wages/Income, Weekly, Workforce

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