Macro Roundup Artcile

Headline: Will the Moderation in Wage Growth Continue?

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Summary: After remaining stable between 2019 and 2020, the trend increased markedly at the beginning of 2021, nearly doubling over the course of the year. As such, a large chunk of the wage growth we saw over the course of 2021 appears to have been persistent. It is worth stressing once more that the trend extracted by the model is expressed in terms of annualized monthly wage growth, which explains why it leads the actual year-over-year wage growth series in the chart. The model suggests that the trend may have peaked in the early months of 2022, and then started declining. The moderation in TWIn flattened out mid-2023 and has remained stagnant since. However, the shaded areas still illustrate considerable uncertainty. The recent slowdown estimated by our model indicates it cannot be ruled out that wage growth will continue to be markedly higher in the near-term than it was before the pandemic. Related: Wages Are Rising Faster than We Thought and The Unexpected Compression: Competition at Work in the Low Wage Labor Market and Credit Bidenomics for Rising US Wages

Primary Topic: Wages/Income

Topics: Op-Ed/Blog Post, Wages/Income, Workforce

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