

Macro Roundup Article

Headline: [U.S. Wage Growth Is Slowing, Somewhat](#)

Article Link: <https://theovershoot.co/p/us-wage-growth-is-slowing-somewhat>

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Tweet: Nominal wage gains are running ahead of the pre-pandemic period and are now in line with the pre-crisis period and the late 1990s according to @M_C_Klein. He notes wage growth has slowed without an increase in unemployment.

Summary: The biggest source of underlying inflationary pressure in the U.S. economy—unusually rapid wage growth—has been receding rapidly in recent months, although not by enough (yet) for policymakers to be confident that they are on track to reaching their 2% yearly inflation goal. The question is whether this process will continue, and if not, what that would mean for interest rates. American workers' wages are still rising faster than in the decade before the pandemic, but the pace of increases has slowed sharply and is now comparable to the late 1990s and 2006-2007. So far, wage growth has slowed substantially without much increase in joblessness or precarity. That is good news for workers, as well as a welcome vindication for those of us who believed that much of the outsized pay gains in 2021H2-2022H1 were one-offs associated with job market churn, reset expectations of working conditions, and sectoral shifts. The question is whether the slowdown we have already experienced is sufficient to satisfy Fed officials—and if not, what it would take for wage growth to slow even more. Related: Is the Fed Peaking Too Soon? and Why No Recession (Yet)? and An Update from Our CIOs: Entering the Second Stage of Tightening

Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Inflation, Op-Ed/Blog Post, Wages/Income, Weekly, Workforce

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