

Economics Group

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Employment Costs Maintain Trend in Q2

Pulling back from the strongest sequential post-recession pace in Q1, employment costs rose by a more moderate 0.5 percent in Q2. Benefit costs outpaced wage & salaries on the quarter.

Compensation Costs Fail to Accelerate

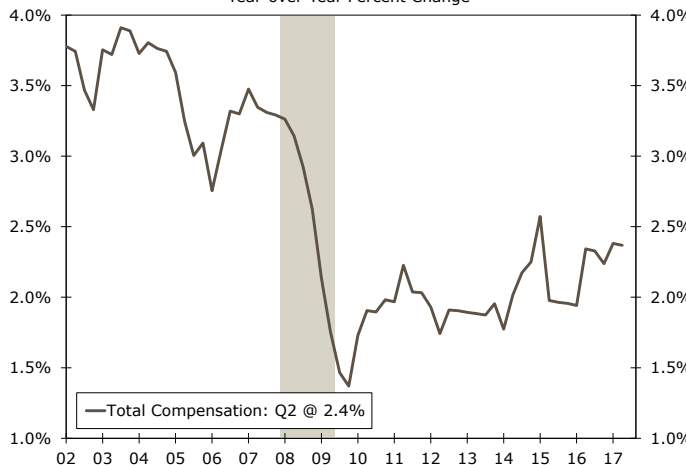
- While the pace of total compensation costs pulled back from its above trend quarterly pace in Q1, the year-over-year pace maintained its post-recession high in Q2 at 2.4 percent.
- Costs for both wages & salaries and benefits rose at a slightly slower pace in Q2, though benefits growth held in at a firmer rate than wages over the past year. Benefits are running at a 2.5 percent year-ago pace, the strongest since Q1 2015.

Wage Pressures Remain Limited

- Following a cycle-high annual pace of 2.6 percent, private sector wages & salaries pulled back a touch in Q2, to a 2.4 percent pace. Excluding incentive-paid occupations, private sector wages & salaries maintained its 2.6 percent year-over-year pace.
- For the Fed, today's ECI report will suggest that compensation cost pressures remain tame despite the tightening labor market. Upward pressures should build, the question remains when.

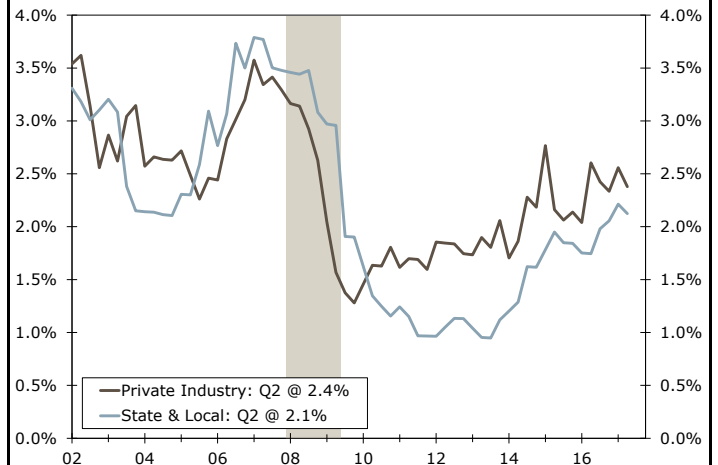
Employment Cost Index - All Workers

Year-over-Year Percent Change



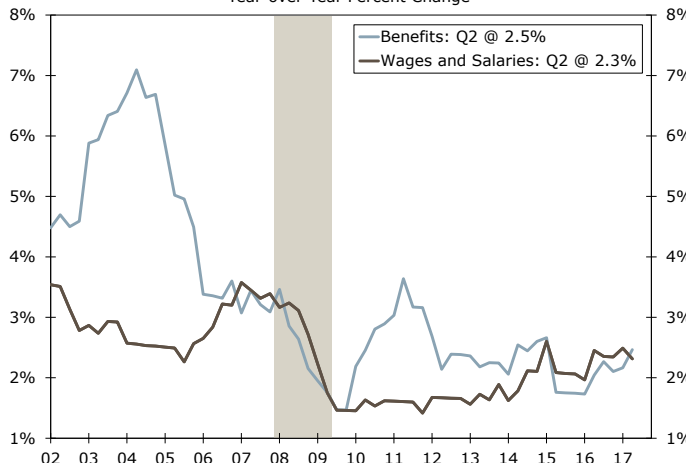
ECI Wage and Salary Costs by Sector

Year-over-Year Percent Change



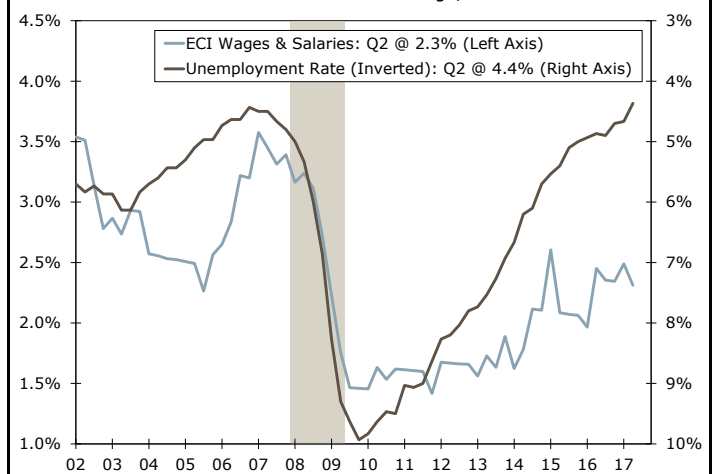
Employment Cost Index - All Workers

Year-over-Year Percent Change



ECI Wages & Salaries vs. Unemployment Rate

Year-over-Year Percent Change, Percent



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