



# Compensation Trends July 2023

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# Overview

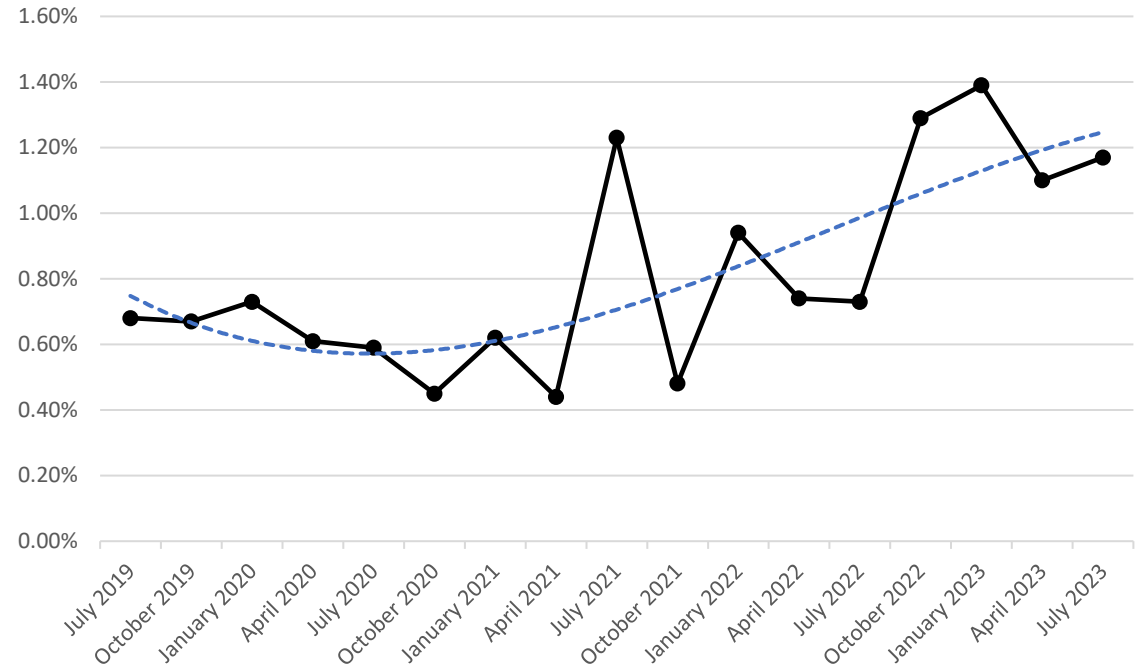
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- Recent growth
  - Quarterly
  - Annual
  - Federal Reserve Data
  - Highest Growing Areas/Sectors
- Future Growth
  - Drivers of Growth
  - Measures of Growth
  - Inflation
  - Recession Risks
- Conclusions



# Quarterly Growth

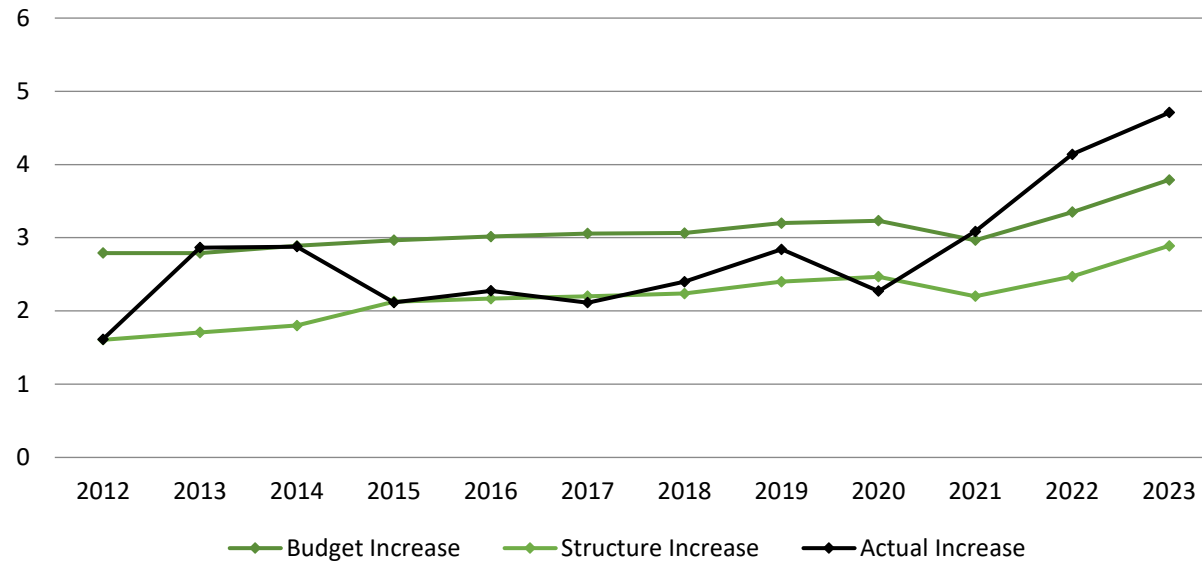
- US Growth
  - July 2023: 1.17%
  - April 2023: 1.1%
  - January 2023: 1.39%
  - October 2022: 1.29%
  - Average growth (20 year): .64%
- Canada Growth
  - July 2023: 1.3%
  - April 2023: 1.04%
  - January 2023: 1.18%
  - October 2022: 1.0%
  - Average growth (20 year): .45%



# Annual Growth

- US Growth
  - 1 Year Growth: 4.95%
  - 2022 Growth: 4.14%
  - 2023 projections
    - Budget: 3.79%
    - Structure: 2.91%
- Canada Growth
  - 1 Year Growth: 4.60%
  - 2022 Growth: 3.44%
  - 2023 projections
    - Budget: 3.88%
    - Structure: 2.96%

Projected Movement Vs. Actual Salary Movement - US



# Public Growth Data

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- Average Employee Earnings
  - 1 year Growth: 4.7% (St. Louis)
  - 1 year Growth: 6% (Atlanta)
  - 3 month Growth: 1% (St. Louis)
  - 1 Year Growth: 2.9% (StatCan)
- Aggregate Payrolls (St. Louis)
  - 1 year Growth: 10.7%
  - 3 month Growth: 1.7%



# Growth - Areas and Jobs

- Areas

- Bloomington, IL
- Tallahassee, FL
- Reno, NV
- Kokomo, IN
- Lansing, MI

- Sectors

- Agriculture
- Education
- Security
- Information Technology

## Jobs



# Factors Influencing Growth

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- Slack: Available employees vs open jobs
  - Upward pressure: more open jobs than available workers
  - Downward pressure: more available workers than open jobs
- Measures of slack
  - Open Jobs, Quits, hiring, Unemployment, Population Ratio
- Inflation
- Economic Shocks



# Openings, Hires, and Quits

- Open Jobs Rate: 6.1%
  - Down from 7.3% in March 2022
  - 4.6% - 10 year average
- Hires: 3.9%
  - Down from 4.3% in May 2022
  - 3.9% – 10 year average
- Quits: 2.4%
  - Down from 2.9% April 2022
  - 2.2% - 10 year average



# Leading Metrics

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- Unemployment Rate

- 3.7%



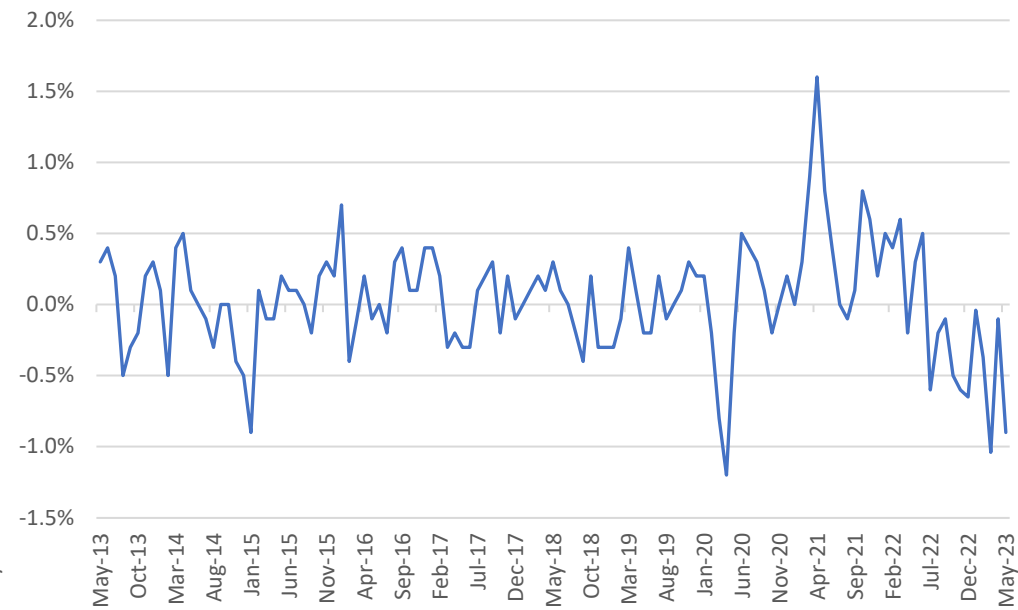
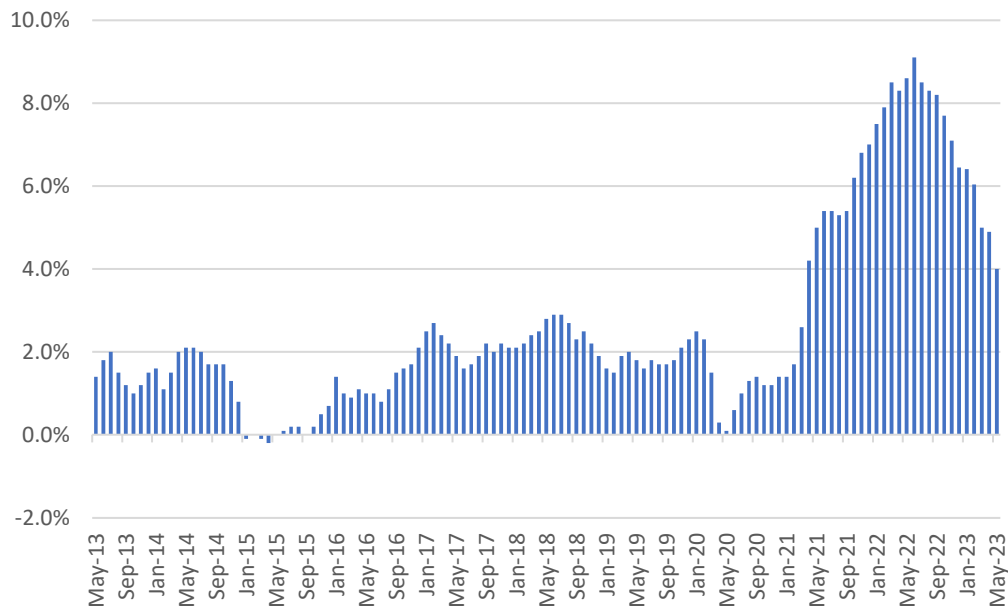
- Prime Age Employment Population Ratio - 25-54 Yrs. (EPOP)

- 80.7%



# Inflation

- Inflation: 4.0%
  - Down from 9.1% in June 2022
  - May Inflation: -.9%



# Recession Risks

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- Two definitions of recession
  - Two quarters of negative GDP growth (Bureau of Economic Analysis)
    - Real GDP Q3: 3.2% (BEA)
    - Real GDP Q4: 2.6% (BEA)
    - Real GDP Q1: 2.0% (BEA)
    - GDP Q2: 1.9% (Atl GDPNow)
  - A significant decline in economic activity across GDP and the below variables.
    - Real Income: 1% (1 year - April)
    - Employment: 80.7% Prime age employment
    - Industrial Production: 0.23% (1 year - May)
      - 100 year Avg is 3.4%
    - Wholesale Sales: -3.44% (1 year - April)
      - 3 year Avg is 5.05%
    - Retail Sales: 2.1% (1 year - April)
      - 4.7% 30 year Avg



# Canadian Growth Metrics

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- Open Jobs: 4.4%
- Unemployment rate: 5.2%
- Core Age Employment: 84.9%
  - 85.3% high – January 2023
- Industrial Production: .6% (1 year)
  - 3.3% average growth
- Wholesale Sales: 54.7%
  - 7.12% average growth
- Retail Sales: 2.9% (1 year - April)
  - 4.67% 30 year Avg
- Inflation: 3.4%
  - Down from 8.1% in June 2022
- Interest Rates: 4.75%
  - Increased in June from 4.5%



# Conclusions

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- Growth indicators
  - Elevated growth. Trending down.
  - Inflation
  - Open Jobs vs Hires Rate
- Headwinds
  - Interest rates
  - Slowing Industrial Production and Wholesale Sales
- Continuation of growth
  - Localized to specific sectors or occupations
- Recommendations



# Questions

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