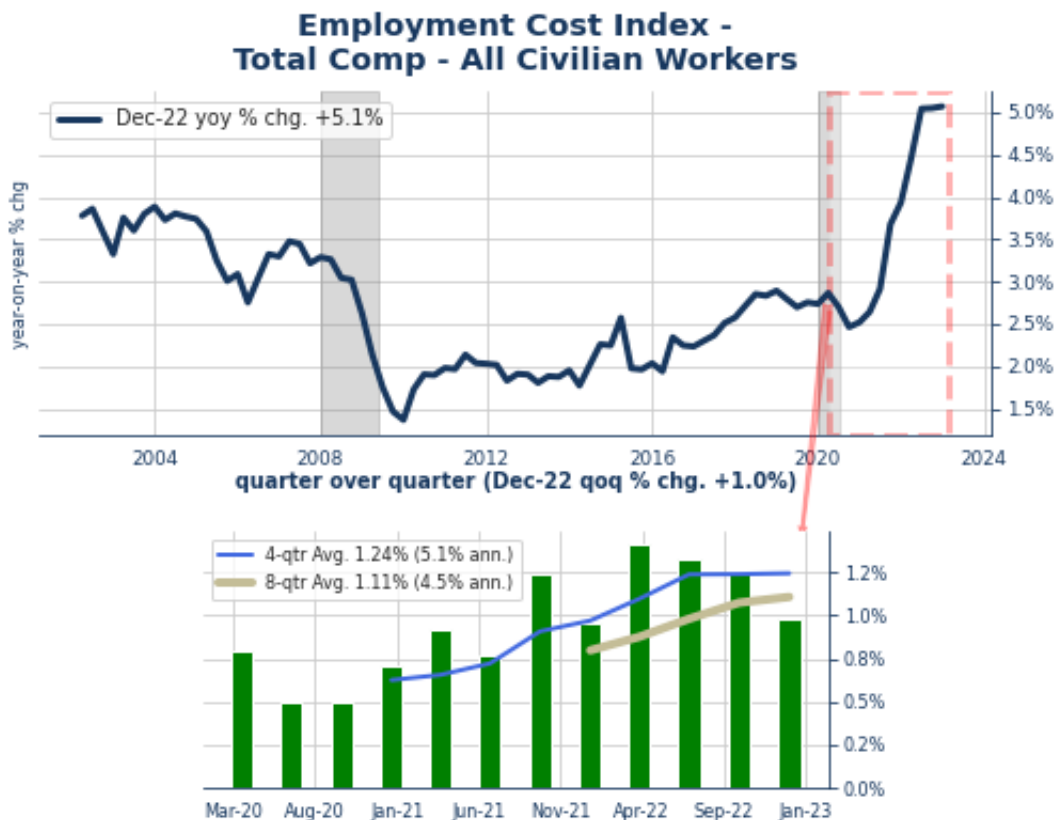


31.Jan.2023

## Q4 Employment Cost: Slight Cooling, Still Fodder For Hawks

**Bottom Line:** Total employment costs including benefits and wages rose less than 1% in the 4th Quarter, continuing a modest deceleration in 2022. Benefit costs slowed most notably over the year, while wage and salary gains only slowed materially in the 4th Quarter. Running at 1% in the 4th Quarter, a tenth lower than expected, wages were still up 5.1% on the year. **Overall, while the slower 4th Quarter gains will be encouraging for the Fed voters worried about spiraling consumer price inflation driven by wage gains, the level of gains remained historically robust and will offer fodder for hawks suggesting higher interest rates are needed to quell labor market pressures.**



### Employment Cost Index - Benefits - All Civilian Workers



### Employment Cost Index - Wages & Salaries - All Civilian Workers

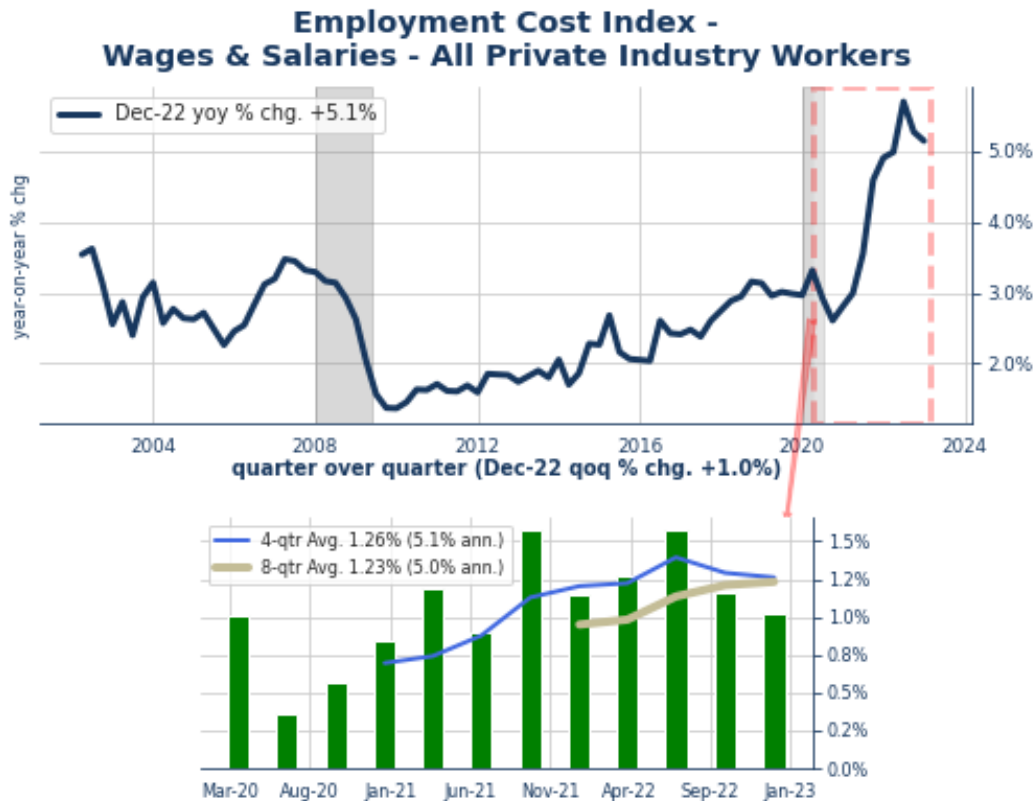


The Employment Cost Index ROSE by 1.0% during the 3 months that ended in

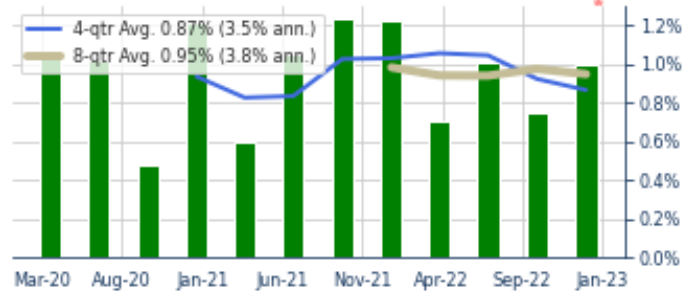
December 2022, compared with market expectations for an increase of 1.1%.

**Labor compensation** is 5.1% ABOVE its year ago level, moderately above the year-over-year increase in headline consumer inflation, thus moving real labor compensation moderately higher.

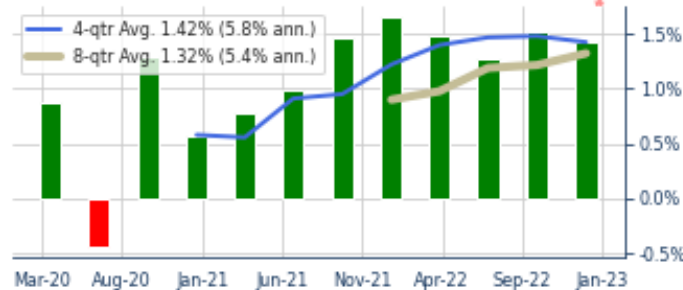
**Wages and Salaries** ROSE by 1.0% and are now 5.1% ABOVE their year-ago level. Wages and salaries account for approximately 70% of total employment costs. Benefit Costs ROSE by 0.8% and are now 4.9% ABOVE their year-ago levels.



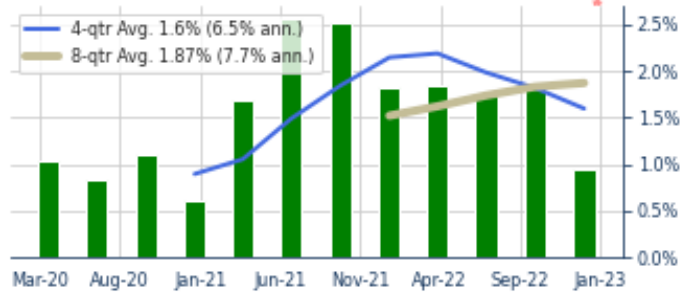
## Employment Cost Index - Transport & Warehousing



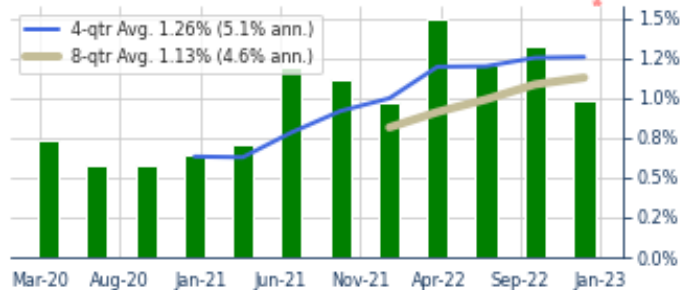
## Employment Cost Index - Health Care



## Employment Cost Index - Leisure & Hospitality



## Employment Cost Index - Manufacturing



## Employment Cost Index - Wages & Salaries - Construction



Employment Cost Index	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21	3Q '21
<b>Total Comp - All Civilian Workers</b>	<b>0.97%</b>	<b>1.25%</b>	<b>1.33%</b>	<b>1.42%</b>	<b>0.95%</b>	<b>1.24%</b>
<b>Benefits - All Civilian Workers</b>	<b>0.84%</b>	<b>0.98%</b>	<b>1.19%</b>	<b>1.81%</b>	<b>0.88%</b>	<b>0.82%</b>
<b>Wages &amp; Salaries - All Civilian Workers</b>	<b>1.04%</b>	<b>1.32%</b>	<b>1.40%</b>	<b>1.22%</b>	<b>1.03%</b>	<b>1.46%</b>
Wages & Salaries - All Private Industry Workers	1.03%	1.17%	1.58%	1.27%	1.15%	1.58%
Wages & salaries - State & Local Government	1.04%	2.06%	0.71%	0.94%	0.65%	0.88%
Wages & Salaries - Construction	1.25%	1.00%	1.76%	0.68%	1.17%	0.69%
Manufacturing	0.98%	1.33%	1.21%	1.50%	0.96%	1.11%
Retail Trade	0.78%	1.34%	1.73%	1.57%	2.45%	1.84%
Transport & Warehousing	1.00%	0.75%	1.01%	0.70%	1.23%	1.24%
Utilities	0.89%	1.02%	0.58%	0.84%	0.92%	0.99%

Tech	1.61%	1.22%	0.61%	1.45%	0.77%	1.41%
Finance	1.36%	0.65%	2.41%	0.54%	-1.26%	2.87%
Business Services	0.83%	1.10%	1.72%	1.27%	0.88%	1.44%
Education	1.21%	0.88%	1.66%	1.19%	0.42%	1.35%
Health Care	1.43%	1.51%	1.27%	1.49%	1.65%	1.47%
Leisure & Hospitality	0.94%	1.85%	1.76%	1.85%	1.82%	2.51%

quarter-over-quarter