

RESEARCH NOTES



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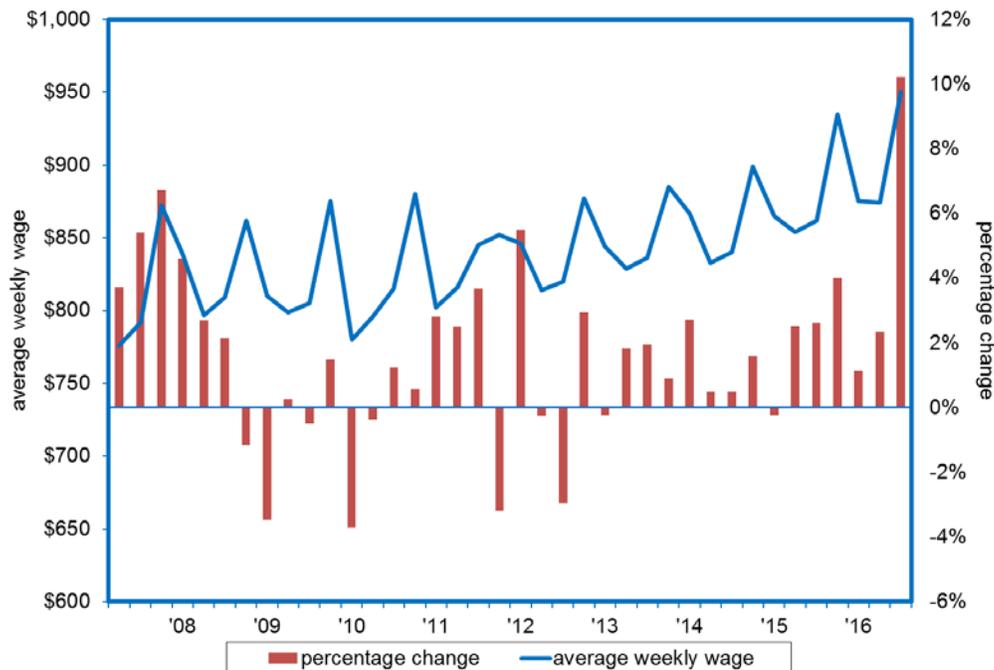
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Average Weekly Wages
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Note: 2017:23
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Average Weekly Wages at \$950 in 2016:IIIQ; Highest Reading on Record; Caution Urged in Interpreting Year-Over-Year Gain



- Weekly wages in Nevada averaged \$950 during 2016:IIIQ. This compares to \$862 a year ago, a gain of 10.2%. This is a very noteworthy increase, and leaves this barometer of the labor market's health at an all-time high. After researching the underlying cause of the upward jump, we believe that certain bonuses, like those generally paid in the final three months of the year, were moved up to the third quarter in 2016. However, the increase is not unfounded. Wages have grown by at least two percent in five of the past six quarters.
- In light of this surprising increase in the third quarter, an assessment of underlying wage growth may be more telling if looked at over a longer timeframe. Over the first three quarters of 2016, weekly wages are up \$39, an increase of 4.6%. Since early-2013, wage growth has averaged 2.3% on an annualized basis.
- Wages have been trending up since 2011, albeit at a modest pace, with gains recorded in 13 of the past 14 quarters. At the height of the recession, wages declined in five of seven quarters.
- Underlying trends continue to improve, as wage growth is keeping up with inflation. During the first three quarters of 2016, consumer prices are up 1.4 percent from a year ago, suggesting that wages are also growing in "real" terms.
- Taken as a whole, these trends are consistent with other barometers, such as job growth and initial claims for unemployment insurance, pointing to an improving labor market in Nevada. However, when we consider the increase in the third quarter of the year, it may be probable that we will not see the strong bonus-driven fourth quarter increase that we have come to expect.