



LOWEST ANNUAL WAGE ACCEPTABLE BY NEW JOB SEEKERS CLIMBS TO HISTORICAL HIGH

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(21Dec2022) ... In a survey conducted by the New York Federal Reserve Bank, the lowest average annual pay that workers were willing to accept from a new employer was \$73,667. Known as a "reservation wage", this is an increase of \$794 over the bank's July report and the highest ever recorded since the survey's inception in 2014.

The increase in salary expectations were highest among job seekers under the age of 45. More practical, the average salary that people were actually expected to receive came in at \$60,310, nearly 18.1% lower than the higher expectation. Regardless, it was 5.4% higher than the Fed's July survey and also the highest recorded since 2014.

The report also noted that the expectation of working past the age of 62 dropped to 48.8% from 50.1% in July - the lowest ratio recorded since 2014. The series has been on a downward trend since November 2020.

Some of the other items from the survey:

- Those satisfied with their benefits and opportunity for promotion experienced an uptick between July and November.
- Satisfaction with benefits jumped from 6.6% to 63.2% while the perception for promotion climbed from 56.5% to 59.5%
- Satisfaction with wage compensation fell from 58.2% to 56.9%
- Currently, for every two job seekers, there are two open jobs available.
- Among those employed four months ago, 91.8% were still employed.
- Those searching for a job increased from 24.0% to 24.7%, driven by respondents younger than 45 years old and those with a college degree.

According to November's labor report, wage growth is rising at a 5.0% pace, less than the average year-over-year consumer inflation rate of 8.0%. However, the \$73,667 lowest acceptable wage is nearly 10% higher than one year ago, something that apparently is missed by the average job seeker. Moreover, expectations figures in the year-over-year increase of 3.1 million people employed compared with the lesser 2.3 million increase in the nation's labor force, a primary factor in the unemployment rate remaining around 3.7%.

With consumer inflation on the decline, now being around 7.1%, consumer's purchasing power is not being as diluted as when inflation peaked in June 2022 at 9.1%. Still, average consumers' saving rate has been on the decline - 2.3% in October, the lowest since 2005 - as more families are living paycheck-to-paycheck - even having to draw from savings and other surplus cash accounts. So far in 2022, household wealth in the US has declined by \$6.8 trillion and checking & savings accounts have dropped by nearly \$140 billion - the latter reaching their lowest level since the Great Recession of 2008-09.

Surveys showed that the average reservation wage for employed and non-employed respondents has been increasing for both groups since late 2017, but more so since the onset of the pandemic. Yet, the increase since the onset of the pandemic has been more pronounced for employed respondents.

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