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Arizona Jobs and Labor Force Update

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Introduction

Arizona gained 3,000 nonfarm jobs in July (+0.09%) – putting Arizona near the top (19th) among all states in monthly job growth, despite the overall slow pace. However, the June job growth numbers were revised downward from -1,900 nonfarm jobs to -2,500. For perspective, the total U.S. job growth rate in July was 0.07%; twenty-two states (nearly half) reported job losses. As a result, year-over-year job growth slowed from 1.7% to 1.6%.

Arizona’s manufacturing employment fell by 1,300 jobs (-0.7%) between June and July. Twenty-four states experienced job losses in their manufacturing sectors in the last year, and twenty-two experienced monthly losses in July.

Arizona’s unemployment rate increased to 3.4% from 3.3% while its labor force participation rates increased to 62.3% (+0.1%). On a national level, the unemployment rate increased two-tenths of a percentage point to 4.3%, and the labor force participation rate increased to 62.7% from 62.6% in June. For context, the Arizona and United States participation rates were 62.2% and 63.3% at the end of 2019, respectively.

On a year-over-year basis, Arizona’s job growth rate (+2.3%) was the 16th fastest out of all U.S. states and Washington DC. Arizona has added 73,500 jobs since July 2023.



**Arizona’s
Labor Market**

Total Jobs
3,261,200

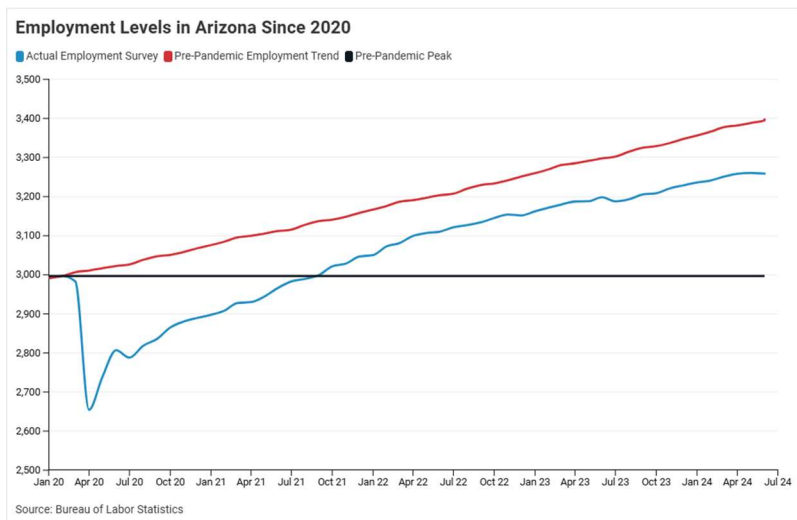
**Jobs Added in
June:**
+3,000

**Year-Over-
Year Growth:**
+2.3%

Key Findings – Arizona July 2024 Employment Data (BLS CES Survey)ⁱ

Job growth was faster than the U.S. average, with the Grand Canyon state adding 3,000 jobs (+0.09%) over June. Year-over-year growth was 2.3% (up from 1.9% in June).

This year-over-year growth is significantly slower than the pace experienced in 2022 and 2023. Although month-to-month jobs figures can be volatile, the recent gains when nearly half of U.S. states recently lost jobs may signal continued strength in the Arizona economy. The monthly growth of +0.09% would translate to a +1.11% annualized growth rate – or continued slow but positive growth.



The gap between total Arizona employment and its pre-2020 growth trend reached its smallest point in July 2022 and has been largely increasing since. Today the state has 138,300 fewer workers than it would have had on its 2017-2019 growth trend (up from 136,900 according to the revised June data). Given its average job growth rate since 2020, the state will never return to this pre-pandemic trend.

Wages & Time Worked

Average hourly wages (not seasonally adjusted) in Arizona increased +16 cents in July (+0.5%) – putting Arizona 8th in wage growth for the month of July. The average among all states was a loss of 6 cents (-0.2% average month-over-month growth). Twenty states experienced wage declines in July. Wage growth on a yearly basis appears to be much stronger at 4.7%.

- Arizona private sector workers are now earning an average of \$33.36/hour, compared to \$31.87 a year ago (+4.7%). This growth ranks Arizona 8th in year-over-year wage growth.
- Nationally, the average hourly wage (seasonally adjusted) increased 0.2% in July (month-over-month) and +3.6% since last year (year-over-year)

Jobless Claims are Rising

Jobless claims – i.e. the number of people filing to receive unemployment insurance benefits – at both the national and state level have been rising. As of the latest data available, there were 4,212 new unemployment claims made in Arizona for the week of August 10th, and a total of 33,132 continued claims issued in the prior week, representing a 21.9% and 7.8% gain over the levels from a year ago.

These levels of initial and continued claims are significantly above the average levels from 2018 and 2019 (+5% and +27.6%, respectively). For comparison, initial and continued claims for the entire nation are 1.6% and 2.5% above 2018-2019 levels, respectively. Jobless claims at the national level increased by 15.6% for initial claims and 7.6% for continued claims over last year.

Slowing employment growth, a rising unemployment rate, and rising jobless claims all signal a continue cooling of the Arizona and national job markets. Combined with the ongoing slowdown in price inflation, the overall pace of economic growth remains tepid.

ⁱ ["Employment, Hours, and Earnings – State and Metro Area,"](#) U.S. Bureau of Labor Statistics, 2024.