



June 25, 2024

# Arizona Jobs and Labor Force Update

**Author:** Kamryn Brunner

# Introduction

Arizona gained 4,400 nonfarm jobs in May (+0.13%) – putting Arizona in the middle third of all states with the 36<sup>th</sup> fastest month-over-month gain. In addition, the April job growth numbers were revised downward from 9,800 nonfarm jobs to 7,800. For perspective, the total U.S. job growth rate in May was 0.17%; nine states reported job losses.

Along with overall job growth figures, Arizona’s manufacturing employment increased by 700 jobs (+0.4%) between April and May (breaking a streak of 5 consecutive months of stagnant or declining manufacturing jobs). On a year-over-year basis, manufacturing employment has not increased or decreased since May 2023. Twenty-one states experienced job losses in their manufacturing sectors in the last year, with twenty-one experiencing monthly losses in May.

Arizona’s unemployment rate decreased to 3.4% from 3.6% while its labor force participation rates remained unchanged from its April level of 62.2% (unchanged since December of 2023). On a national level, the unemployment rate increased a tenth of a percentage point to 4.0%, and the labor force participation rate decreased to 62.5% from 62.7% in April. For context, the Arizona and United States participation rates were 62.2% and 63.3% at the end of 2019, respectively.

While the month-over-month employment gains for Arizona put it in the middle third of all states, its year-over-year growth rate (+2.3%) was the 7<sup>th</sup> fastest out of all U.S. states and Washington DC. Arizona has added 74,900 jobs since May 2023.



**Arizona’s  
Labor Market**

**Total Jobs**  
3,263,000

**Jobs Added in  
May:**  
+4,400

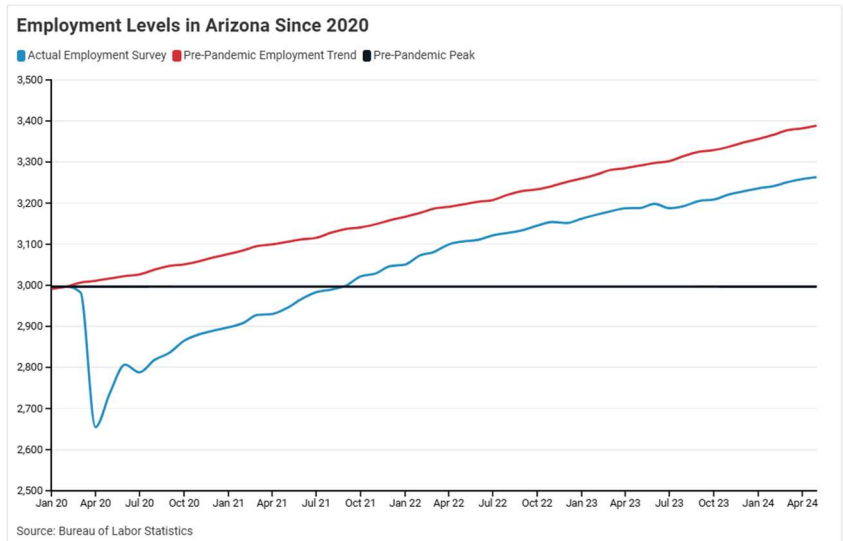
**Year-Over-  
Year Growth:**  
+2.3%

## Key Findings – Arizona May 2024 Employment Data (BLS CES Survey)<sup>i</sup>

Job growth was less than the U.S. average, with the Grand Canyon state posting a gain of 4,400 jobs (+0.13%) over March. Year-over-year growth was 2.3%.

This year-over-year growth is slightly slower than the growth experienced in 2022 and 2023, reflecting the slowing pace of job growth over the past twelve months. The monthly growth of 0.13% translates to a 1.6% annualized growth rate – much lower than the rapid pace experienced in 2022 (3.45%).

While monthly growth rates are subject to considerable volatility, May's slower job growth comes after 6 months of annualized job growth above 2.0% - growth that more closely



resembled the strong and stable growth experienced in the summer of 2022 and early 2023. Whether this slowdown is permanent or transitory remains to be seen. Even though this employment data is seasonally adjusted May still appears to be seasonally slow.

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 123,500 fewer workers than it would have had on its 2017-2019 growth trend (up from 123,500 according to the revised April data). Given its average job growth rate since 2020, the state will not return to this pre-pandemic trend.

## Wages & Time Worked

Average hourly wages (not seasonally adjusted) in Arizona decreased -44 cents in May (-1.3%) – putting Arizona second to last in wage growth for the month of May. The average among all states was a loss of -4 cents (-0.1% month-over-month growth). Eighteen states experienced wage declines in May

- Arizona private sector workers are now earning an average of \$32.65/hour, compared to \$31.25 a year ago (+4.5%). This growth ranks Arizona 18<sup>th</sup> in year-over-year wage growth.
- Nationally, the average hourly wage (seasonally adjusted) increased 0.4% in May (month-over-month) and +4.1% since last year (year-over-year).

---

<sup>i</sup> <https://data.bls.gov/cgi-bin/dsrv?sm>