



March 2024

Arizona Jobs and Labor Force Update

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Introduction

Arizona gained 10,900 nonfarm jobs in January (+0.34%) – the 10th-fastest month-over-month employment growth rate among all states. For perspective, the total U.S. job growth rate in January was 0.15%; 8 states reported job losses. Despite modest overall job growth figures, Arizona’s manufacturing employment remained unchanged from December, but currently sits at 7.4% above pre-pandemic levels (6th fastest growth since 2020 among all states). 23 states including Arizona experienced job losses in their manufacturing sectors in the last year.

Both Arizona’s unemployment and labor force participation rates remained unchanged from their (revised) December levels of 4.2% and 62.2%, respectively. On a national level, the unemployment rate increased to 3.9% from 3.7%, and the labor force participation rate was unchanged (62.5%).

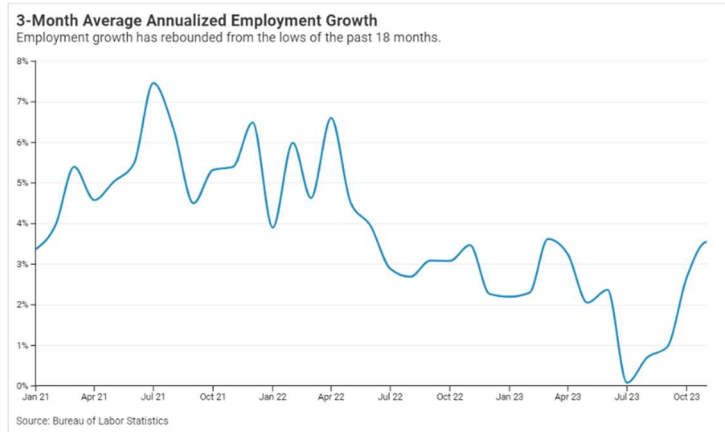
On a year-over-year basis, job growth was +2.4% through January (unchanged from the revised 2.4% YOY growth rate in December), making Arizona the 5th fastest growing labor market in the last 12 months.

Arizona has added 77,400 jobs since January 2023; just to keep pace with population growth the state needs to add about 75,000 jobs annually. However, at the relatively robust rates posted in the first month of 2024, Arizona would be on pace to add 133,300 jobs this year (+4.1%) – what could be the fastest pace since 2005 ignoring the post-pandemic boom in 2021.

Key Findings – Arizona January 2023 Employment Data (BLS CES Survey)ⁱ

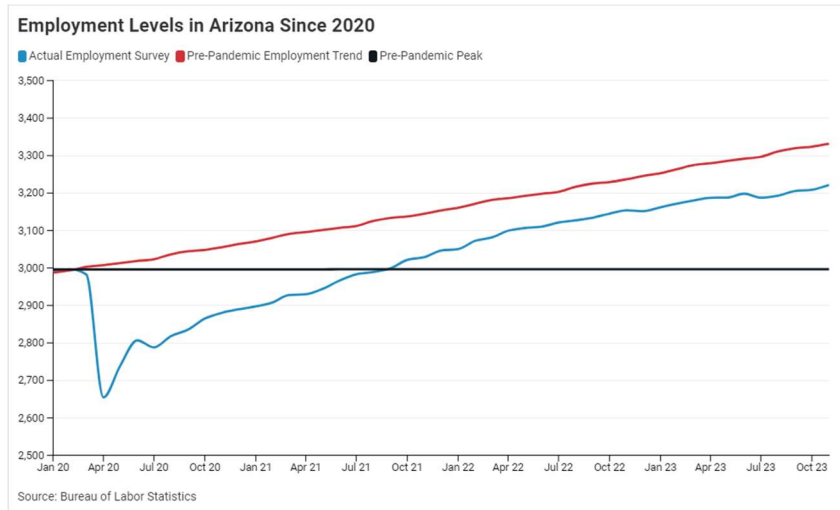
Job growth was strong in January, with the Grand Canyon state posting a gain of 10,900 jobs – representing annualized growth of 4.1%. This growth exceeds the 2.5% average annualized growth experienced in 2023, and potentially signals a change from the sluggish growth experienced over the prior 18 months.

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, although it decreased in January. Today the state has 109,000 fewer workers than it would have had on its 2017-2019 growth trend (down from 112,300 in December).



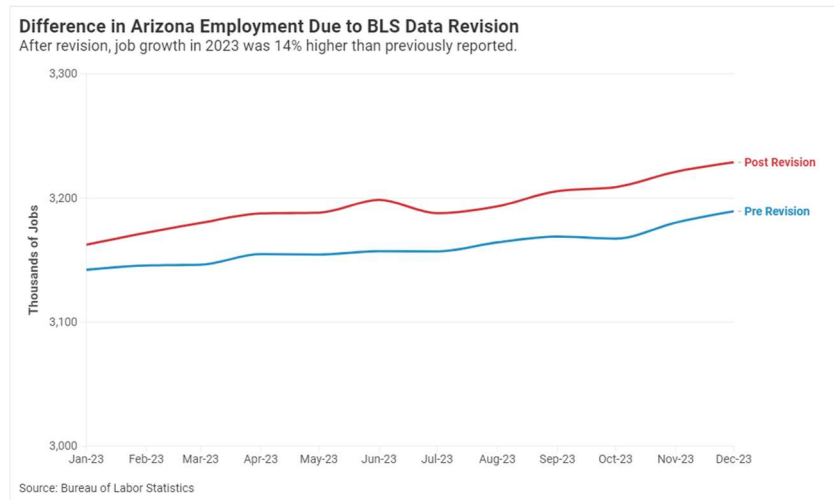
This report also coincides with the preliminary benchmark revision to the Current Establishment Survey Data (CES), which through December 2023 shows a revision upwards in Arizona

employment of 39,400 jobs. Overall, Job growth in 2022 was revised upwards from 2.7% to 3.5%, while 2023 was revised less significantly from 2.1% to 2.4%.



Data Revisions – A Note on the 2023 Employment Data Re-Benchmarking

As we discussed in our [report](#) from March 2023 (the last annual revision), revisions to the CES data are getting larger, representing a decline in the reliability of monthly employment data. From 2017 to 2021 revisions for Arizona averaged a modest decline of -0.1%. However since 2022, the revisions to Arizona’s annual job figures have averaged +1.3% - meaning the scale of the typical benchmark revision to BLS employment data is about 13-times larger today than it was prior to the pandemic.



This is consistent with a general trend in declining reliability of initially-reported federal statistical data that is based on regular social surveys. We will continue to track and report on these changes, and it suggests we should be cautious about relying too much on the preliminary monthly data (in January quite strong) to draw larger conclusions.

Wages & Time Worked

Average hourly wages in Arizona increased 65 cents in January (+2.0%) - the 6th-fastest rate of wage growth in the country. The average growth among all states was 34 cents, or 1% month-over-month growth.

- Arizona private sector workers are now earning an average of \$32.59/hour, compared to \$31.54 a year ago (+3.3%).
- On a year-over-year basis, Arizona's average hourly wage increased 3.3% in January. Nationally, the average hourly wage increased 0.5% in January (month-over-month) and +4.4% since last year (year-over-year).

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