



MAY 2023

Arizona Jobs and Labor Force Update

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Introduction

Arizona gained 12,500 nonfarm jobs in April (+0.40%) – 4th in month-over-month employment growth among all states. For perspective, while the average U.S. job growth rate was 0.16%, according to BLS 15 states reported negative job growth. If you'll recall from last month, only 2 states reported statistically significant job growth in March. The unemployment rate fell to 3.4% (-0.1%). This is a record low unemployment rate for Arizona. On a year-over-year basis, job growth was 2.3% through April (down from 5.3% at this time last year), and Arizona had the 26th fastest year-over-year job growth rate in the country. Since April 2020, the State has added over 502,900 jobs and regained 105.5% of its pandemic-related job losses. Arizona's non-farm employment has gained 36,100 jobs since December 2022.

Key Findings – Arizona April 2023 Employment Data (BLS CES Surveyⁱ)

Arizona gained 12,500 nonfarm jobs in April (a monthly increase of 0.40% and a total year-on-year change of +2.3%). April marks the first month of job growth after two consecutive months of job loss in Arizona. The last time Arizona had two consecutive months of negative job growth was March 2020. This April employment increase is an interesting turn in the data for 2023 jobs.

- The state surpassed its pre-pandemic peak level of jobs in November 2021 – making it only the fifth state at the time to have done so.
- Arizona was 4th in job growth this month and the state remains about 122,000 jobs below its 2017-2019 trend; at current rates it is not expected to reach this level until January 2025.

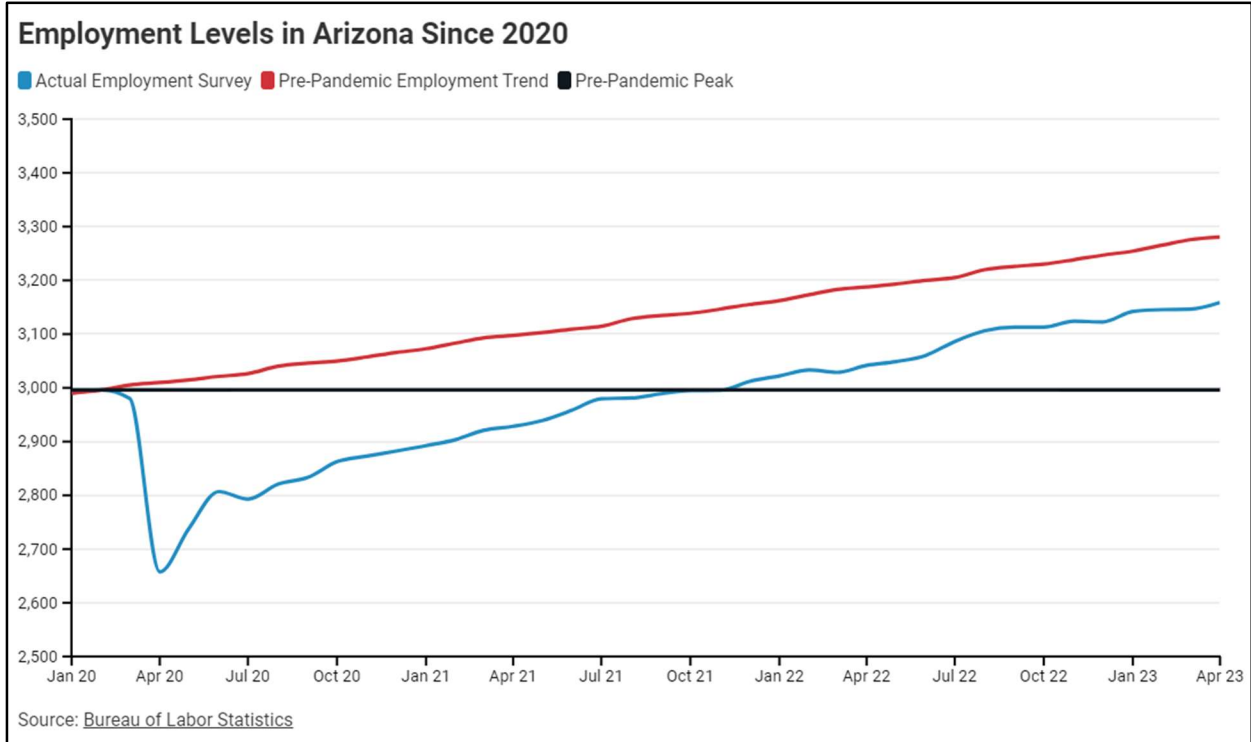
While only 2 states in the country had statistically significant employment gains in March, all but 15 reported increased growth in April, including Arizona. Arizona's labor market has outperformed the United States throughout the pandemic years – losing fewer jobs than all but 10 other states during the 2020 recession and regaining lost jobs faster than all but 4 other states.

- While 35 states (and the country overall) have now surpassed their pre-pandemic peak employment numbers, Arizona and the country remain well below prior job trends and population-adjusted numbers.

Average hourly wages in Arizona increased \$1.02 in April (+3.3%) – the #1 fastest rate of wage growth in the country.

- While the average private sector worker is now making 17.1% more (per hour) than they were prior to the pandemic, inflation over the same period grew 25% - meaning real average hourly wages are down approximately 7.9% since February 2020.
- Arizona reported the highest month-over-month wage growth rate in the country. Arizona private sector workers are now earning an average \$32.09/hour, compared to \$30.02 a year ago.

- On a year-over-year basis, Arizona wages are up 6.9% over 2022 levels – the 11th fastest growth rate in the country. Nationally, for perspective, wages rose +0.48% in April (+4.45% year-over-year).



Manufacturing Update

Arizona’s manufacturing sector lost 200 jobs in April. Arizona’s manufacturing sector grew by 2.5% since April 2021 and is 15th among all states in year-over-year growth. Although Arizona gained jobs on net, some stronger sectors lost jobs in April. While manufacturing was first in the county in month-over-month job growth in March, April seemed to have flipped this sector with statewide employment data.

- Arizona last lost jobs in its Manufacturing sector in January of this year. However, manufacturing has continued to show resilience to a slowing economy, even in the face of statewide net job losses. We are hopeful that this sector will continue to outperform other states as it has in the past.
- Arizona is 34th in the country in month-over-month job growth and 15th with year-over-year growth, adding a total of 4,800 jobs since April 2022.

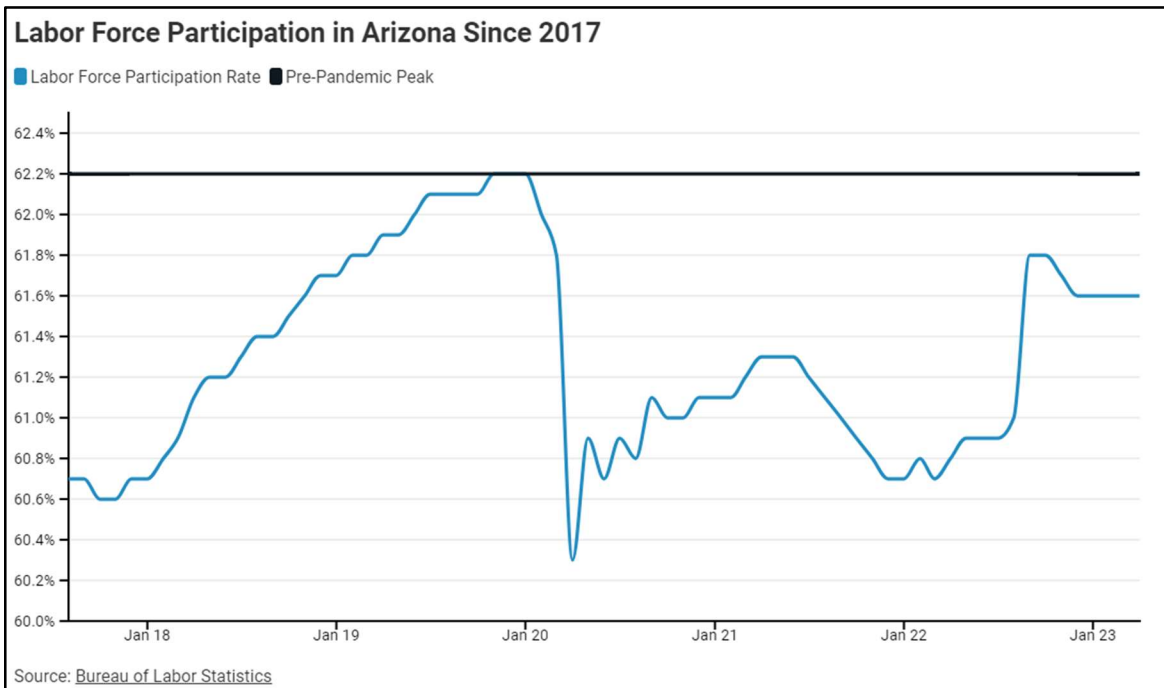
Arizona Labor Force Update

Arizona’s labor force participation rate (LFPR) remained at 61.6% in April for the 5th consecutive month. This is a 0.1% decrease over the past year and is down .2-percentage points from its revised pre-pandemic peak of 62.1%. There are now 3.6 million people in the state’s labor force – the largest it has ever been since the Bureau of Labor Statistics began keeping track in 1976.

Key Findings – Arizona April 2023 Labor Force Data (FREDⁱⁱ)

In April, the Labor Force Participation Rate (LFPR) remained at 61.6%, and it remains below its pre-pandemic level of 62.1%.

- At the current population, this gap would equate to approximately 81,000 additional willing workers.
- The unemployment rate decreased in April to 3.4%. This is a record low unemployment rate for Arizona, beating the previous record of 3.5% in August 2007.



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