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Arizona Jobs and Labor Force Update

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Introduction

Arizona shed 1,900 nonfarm jobs in June (-0.06%) – putting Arizona near the bottom (41st) among all states in monthly job growth. In addition, the May job growth numbers were revised downward from +4,400 nonfarm jobs to +2,100. For perspective, the total U.S. job growth rate in June was 0.13%; sixteen states including Arizona reported job losses. As a result, year-over-year job growth slowed from 2.3% to 1.9%.

Along with overall job growth figures, Arizona’s manufacturing employment fell by 300 jobs (-0.2%) between May and June. Twenty-four states experienced job losses in their manufacturing sectors in the last year, with twenty-nine experiencing monthly losses in June alone.

Despite the job losses, Arizona’s unemployment rate decreased to 3.3% from 3.4% while its labor force participation rates remained unchanged from its May level of 62.2% (unchanged since December of 2023). On a national level, the unemployment rate increased a tenth of a percentage point to 4.1%, and the labor force participation rate increased to 62.6% from 62.5% in May. 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 losses for Arizona put it near the bottom of all states, its year-over-year growth rate (+1.9%) was the 13th fastest out of all U.S. states and Washington DC. Arizona has added 60,400 jobs since June 2023.



**Arizona’s
Labor Market**

Total Jobs
3,258,800

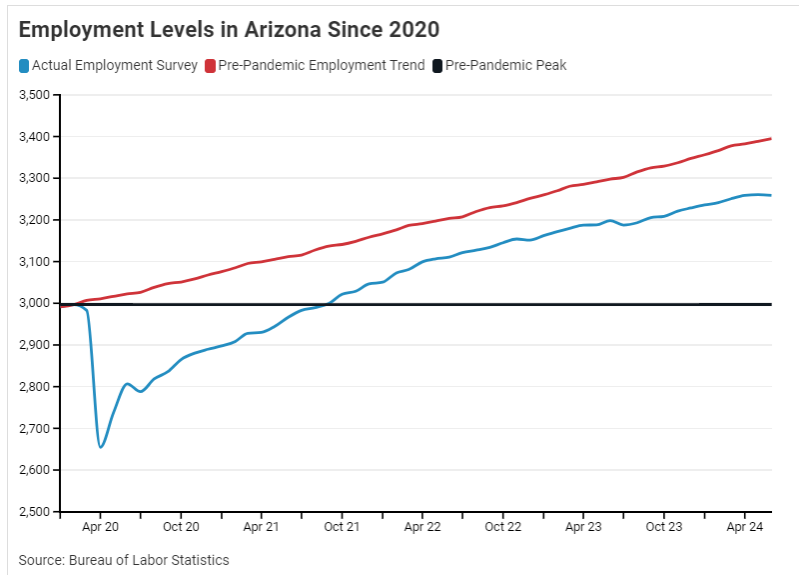
**Jobs Added in
June:**
-1,900

**Year-Over-
Year Growth:**
+1.9%

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

Job growth was slower than the U.S. average, with the Grand Canyon state shedding 1,900 jobs (-0.06%) over May. Year-over-year growth was 1.9% (down from 2.3% in May).

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 losses may reflect a slowing economy in Arizona. The monthly growth of -0.06% would translate to a -0.70% annualized growth rate. Whether this slowdown is permanent or transitory remains to be seen.



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 136,400 fewer workers than it would have had on its 2017-2019 growth trend (up from 127,800 according to the revised May 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 decreased -2 cents in June (-0.1%) – putting Arizona 43rd in wage growth for the month of June. The average among all states was a gain of 16 cents (+0.5% average month-over-month growth). Twelve states including Arizona experienced wage declines in June. However, wage growth on a yearly basis appears to be much stronger.

- Arizona private sector workers are now earning an average of \$33.04/hour, compared to \$31.34 a year ago (+5.4%). This growth ranks Arizona 18th in year-over-year wage growth.
- Nationally, the average hourly wage (seasonally adjusted) increased 0.3% in June (month-over-month) and +3.9% since last year (year-over-year).

Jobless Claims are Rising

Despite a falling unemployment rate, 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 5,198 new unemployment claims made in Arizona for the week of July 13th, and a total of 32,023 continued claims issued in the prior week, representing an 8.3% and 6.2% gain over the levels from a year ago. These are the highest claims levels since September of 2021.

These levels of initial and continued claims are significantly above the average levels from 2018 and 2019 (+32.1% and +35.1%, respectively). For comparison, initial and continued claims for the entire nation are 11.2% and 8.7% above 2018-2019 levels, respectively. Jobless claims at the national level increased around 5% over last year for both measures.

Although Arizona's unemployment rate displayed a small decrease in June, the fact that unemployment claims are continuing to rise at a pace that exceeds that at the national level may spell choppy waters ahead in Arizona's labor market. Economists typically view initial jobless claims as a leading indicator for broader economic and/or employment conditions.

ⁱ <https://www.bls.gov/data/home.htm>