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Arizona Jobs and Labor Force Update

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Introduction

Arizona lost 2,500 nonfarm jobs in August (-0.07%) – putting Arizona near the bottom (41st) among all states in monthly job growth. For perspective, the total U.S. job growth rate in August was 0.09%; eighteen states (nearly half) reported job losses. As a result, national year-over-year job growth slowed from 1.6% to 1.5%.

Arizona’s manufacturing employment fell by 800 jobs (-0.4%) between July and August. Twenty-eight states experienced job losses in their manufacturing sectors in the last year, and twenty-five experienced monthly losses in August.

Arizona’s unemployment rate remained at 3.4% and its labor force participation was also unchanged (at 62.3%). On a national level, the unemployment rate decreased one-tenth of a percentage point to 4.2%, and the labor force participation rate remained at 62.7%. For context, the participation rates in Arizona and the United States were 62.2% and 63.3% at the end of 2019, respectively.

On a year-over-year basis, Arizona’s job growth rate (+2.1%) was the 12th fastest out of all U.S. states and Washington DC. Arizona has added 65,800 jobs since August 2023.



Arizona’s Labor Market

Total Jobs
3,259,200

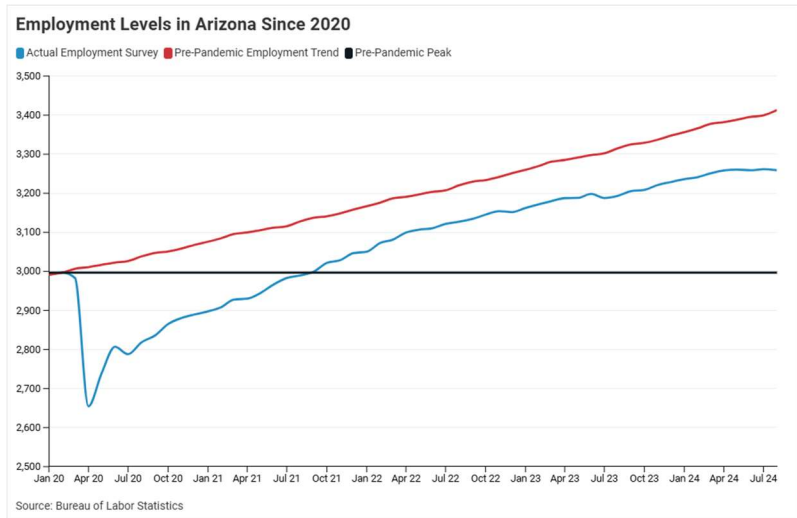
Jobs Added in August:
-2,500

Year-Over-Year Growth:
+2.1%

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

Job growth was slower than the U.S. average, with the Grand Canyon state losing 2,500 jobs (-0.07%) August. Year-over-year growth was 2.1% (down from 2.3% in August).

This year-over-year growth is significantly slower than the pace experienced in 2022 and 2023. Arizona’s year-over-year job growth rates peaked at 3.2% 18 months ago, and has been slowing since. Although month-to-month jobs figures can be volatile, the monthly growth of -0.07% would translate to a -0.92% annualized growth rate – declining job growth. This is the second period of negative job growth since July 2023. The first was June 2024.



The gap between total Arizona employment and its pre-2020 growth trend reached its smallest point in July 2022 and has been increasing since. Today the state has 153,000 fewer workers

than it would have had on its 2017-2019 growth trend (up from 138,000 in July). 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 +36 cents in August (+1.1%) – making Arizona 7th in the U.S. for wage growth. The average among all states was a gain of 8 cents (+0.2% average month-over-month growth). Fifteen states experienced wage declines in August. On a year-over-year basis, however, the average U.S. State is outperforming.

- Arizona private sector workers are now earning an average of \$33.51/hour, compared to \$31.87 a year ago (+5.1%). This growth ranks Arizona 7th in year-over-year wage growth.
- Nationally, the average hourly wage (seasonally adjusted) increased 0.2% in August (month-over-month) and +3.8% 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 3,682 new unemployment claims made in Arizona for the week of September 7th, and a total of 30,837 continued claims issued, representing a 13.5% and 8.2% gain over the levels from a year ago.

These levels of initial and continued claims are significantly above the average levels from 2019 (+3.27% and +21.2%, respectively). For comparison, initial and continued claims for the entire nation are 11.27% and 14.5% above 2019 levels, respectively. Jobless claims at the national level increased by 1.6% for initial claims and 2.03% 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.