

A Positive Outlook

RISING WAGES AND THE STRENGTHENING ECONOMY



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**APPLIED
ANALYSIS**

Nevada's run of employment growth last year made headlines with the release of each month's job report. The consistent growth kept our state ranked at or near the top of national rankings, and we finished 2015 with the country's sixth-best job growth rate (3.1%).

That kind of economic news is always welcome.

Perhaps just as welcome, and even a little surprising, is the news about Nevada's surge in weekly wages. This might be one of the most important measures of our economic health, and the Silver State closed the year with the best wage growth of any state. Average weekly wages climbed 5.2 percent in 2015, raising the typical worker's annual earnings by nearly \$1,900.

Arguably the best news behind those numbers is that the rise has been fueled not by more hours at work (those have remained flat), but by strong growth in hourly pay. In fact, Nevada's workers are getting paid, on average, an extra dollar per hour compared to a year ago.

What's happening here is a microcosm of what we are witnessing across the United States. The economy is growing, unemployment is falling and, at present, there are more jobs than workers. This is a far cry from the depths of the economic crisis, when there were far more workers than jobs. The result: today's employers that are looking to add positions or fill vacancies or even keep employees are finding themselves competing over a shrinking pool of potential labor.

And how do they compete? By raising wages and salaries.

If recent trends are any indication, the competition for employees doesn't appear to be slowing down anytime soon. In December 2015, more Americans voluntarily quit their jobs than in any month since before the recession, and the 3.1 million people who quit was nearly double the number of workers who were laid off that same month. This labor market is clearly a seller's market.

Here in Nevada, workers are reaping the rewards, but the economic benefits don't end with their larger weekly paychecks. As workers see their fortunes rise both in terms of job security and earning potential, they are more likely to spend their additional income throughout the economy. From grocery stores to movie theaters to car dealerships, the entire state economy appears to be profiting from the ripple effect of workers' newfound discretionary income.

Over the past year, job and wage growth have spearheaded the best year for Nevada's economy in nearly a decade. With new businesses opening and more jobs being created, workers should continue to see more opportunities and better pay. And that means more good things for our state economy.