

U.S. Labor Market Demonstrates Signs of Slowing in Third Quarter 2019

While Job Switchers Benefit Amid Tight Labor Market, Wage Growth for Switchers Began to Stabilize

ROSELAND, N.J., Oct. 23, 2019 /PRNewswire/ -- Wages for U.S. workers grew 3.2 percent over the last year, increasing the average wage level by \$0.90 to \$28.71 an hour, according to the ADP Research Institute® [Workforce Vitality Report](#) (WVR) released today. The wage growth of 3.2 percent corresponds to the BLS numbers of 2.9 percent which was released earlier this month, October 2019.

"The labor market has shown signs of a slowdown. After accelerating at the start of 2019, annual employment growth has leveled off to a modest 1.7 percent in September," said Ahu Yildirmaz, co-head of the ADP Research Institute. "While job switchers continue to enjoy wage growth of 5.1 percent, employers appear to have reached the limit of what they are willing to pay workers to entice them to switch jobs."

Job switchers receive an average wage increase of 5.1 percent when they moved to a new employer. Wage growth for job switchers varies significantly across industries (ranging between -3 percent to 10 percent). Construction, Finance, Information, some parts of the Professional Services industry are still outperforming the overall average.

Table 1: Wage and Employment Growth by Industry - September 2019

Industry	Wages	YOY Wage Growth				Yearly Growth	
		All	Holders	Entrants	Switchers	Employment Growth	Switching Rate
-ALL-	\$28.71	3.2%	4.8%	5.5%	5.1%	1.7%	20.8%
Goods							
Construction	\$28.90	3.7%	5.1%	2.3%	8.3%	4.7%	15.9%
Manufacturing	\$30.11	4.0%	5.0%	2.9%	5.2%	0.6%	18.6%
Resources and Mining	\$34.18	-2.7%	4.5%	5.2%	2.9%	-0.3%	10.8%
Services							
Information	\$41.92	2.7%	5.4%	-5.4%	10.2%	1.6%	18.1%
Finance and Real Estate	\$33.68	3.3%	4.8%	9.4%	6.0%	1.2%	18.3%
Professional and Business Services	\$36.55	3.8%	4.6%	5.0%	7.9%	2.1%	24.6%
Education and Health Services	\$27.21	2.3%	4.1%	4.6%	3.2%	2.6%	19.6%
Leisure and Hospitality	\$17.73	3.9%	5.5%	6.5%	-3.3%	2.4%	24.6%
Trade, Transportation, and Utilities	\$25.43	3.5%	5.1%	7.9%	3.9%	0.5%	21.3%

Workers in the Midwest outpaced other regions with 3.9 percent wage growth although the hourly wage rate was the lowest at \$26.76. This region also experienced the lowest employment growth at 0.9 percent. Job switchers fared best in the West experiencing a wage growth of 6.6 percent. The workers in the South had the lowest wage growth at 2.9 percent. By firm size, workers at large firms had the highest wage growth rate at 4.1 percent, with employment growth at 3.2 percent.

Table 2: Wage and Employment Growth by Region and Firm Size - September 2019

Region	Wages	YOY Wage Growth				Yearly Growth	
		All	Holders	Entrants	Switchers	Employment Growth	Switching Rate

USA	\$28.71	3.2%	4.8%	5.5%	5.1%	1.7%	20.8%
MIDWEST	\$26.76	3.9%	4.6%	4.7%	4.2%	0.9%	19.7%
NORTHEAST	\$32.21	3.1%	4.8%	6.1%	5.6%	1.5%	22.1%
SOUTH	\$26.84	2.9%	4.6%	4.5%	4.4%	1.9%	20.7%
WEST	\$30.83	3.2%	5.2%	7.2%	6.6%	2.4%	21.1%
Company Size							
-ALL-	\$28.71	3.2%	4.8%	5.5%	5.1%	1.7%	20.8%
49 or less	\$26.25	2.7%	4.1%	4.1%	3.5%	0.4%	14.9%
50 to 499	\$28.78	2.5%	4.8%	5.2%	5.0%	0.5%	23.0%
500 to 999	\$29.67	2.1%	5.1%	4.9%	5.1%	3.2%	21.4%
1000 or more	\$29.99	4.1%	5.0%	6.8%	5.5%	3.2%	23.5%

About the *ADP Workforce Vitality Report*

The *ADP Workforce Vitality Report (WVR)* was developed by the ADP Research Institute. It is an unprecedented, in-depth monthly analysis (published quarterly) of the vitality of the U.S. labor market based on actual data that identifies labor market trends and dynamics across multiple dimensions. These dimensions include employment growth, job switching, wage growth and hours worked. In addition to the macro data presented in the report, there are also segment-specific findings by industry, state, gender, age, experience, and pay level. Established in October 2014, the report methodology was updated in April 2018 utilizing monthly data to include additional data points and deeper insights. For more information about the report, please visit <http://workforcereport.adp.com/>.

Type of Workforce

Holders: Workers who were employed by the same company for the past 12 months. The wage growth is the rate of change in wages in that time period.

Switchers: Workers who changed employers between consecutive months. The wage growth is calculated from the 12 month moving average of wage growth.

Entrants: First time workers who are less than 25 years-old. The wage growth is calculated from the 12 month moving average of wages.

To see detailed results from the *ADP Workforce Vitality Report* for the third quarter of 2019, including data broken down by region, firm size, industry, gender, and age, visit <http://workforcereport.adp.com/>. The fourth quarter 2019 *ADP Workforce Vitality Report* will be released on Wednesday, January 22, 2020.

About the ADP Research Institute

The mission of the ADP Research Institute is to generate data-driven discoveries about the world of work, and to derive reliable economic indicators from these insights. We offer these findings to the world at large as our unique contribution to making the world of work better and more productive, and to bring greater awareness to the economy at large.

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