



Disaggregating wage growth: Trends and considerations

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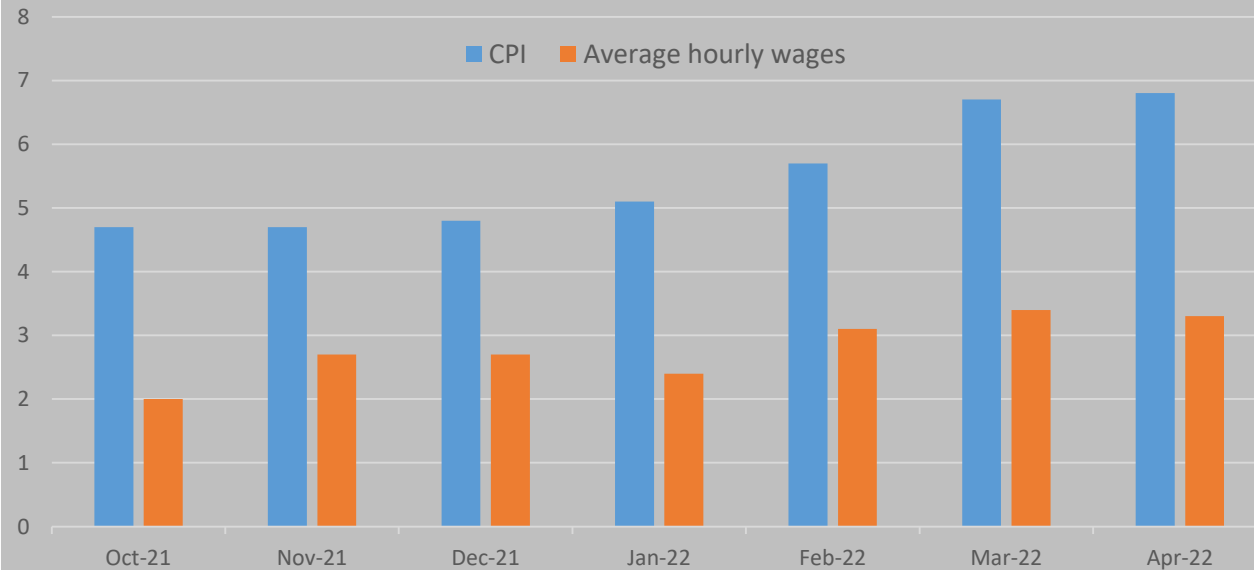
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1. Year-over-year wage changes don't tell the whole story

On a year-over-year basis, recent increases in the Consumer Price Index (CPI) have been faster than the increase in average hourly wages ...

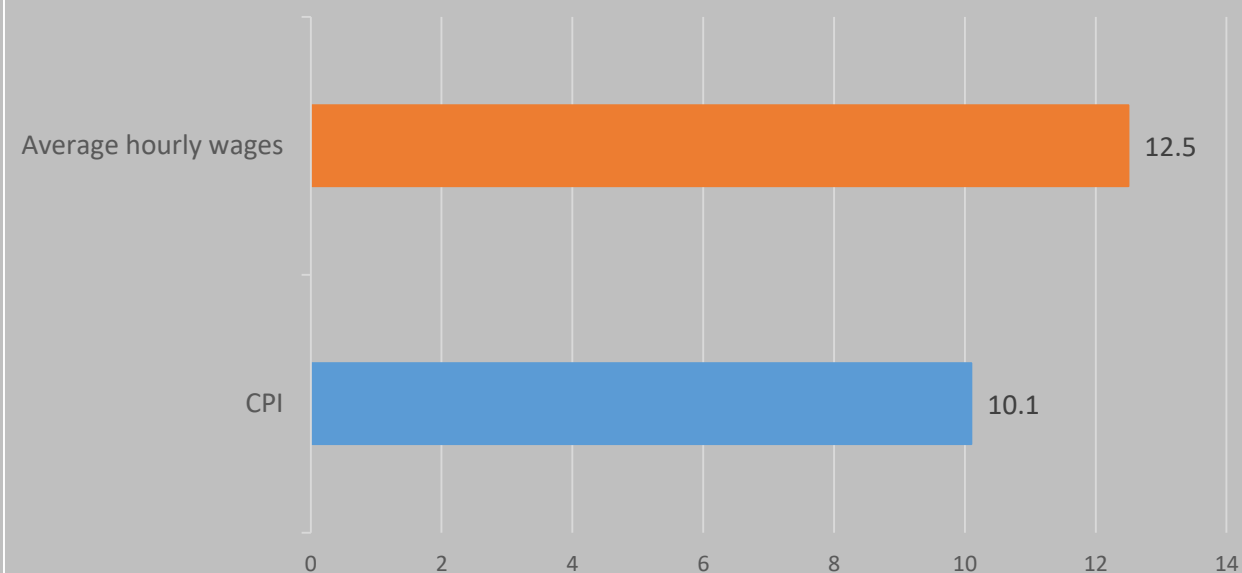
... partially eroding longer-term wage gains workers have seen since the strong labour market conditions immediately prior to the pandemic.

Chart 1: Year-over-year change (%) in average hourly wages and Consumer Price Index (CPI), October 2021 to April 2022



Sources: Labour Force Survey, table 14-10-0306; Consumer Price Index, table 18-10-0004.

Chart 2: Change (%) in average hourly wages and Consumer Price Index (CPI) from April 2019 to April 2022



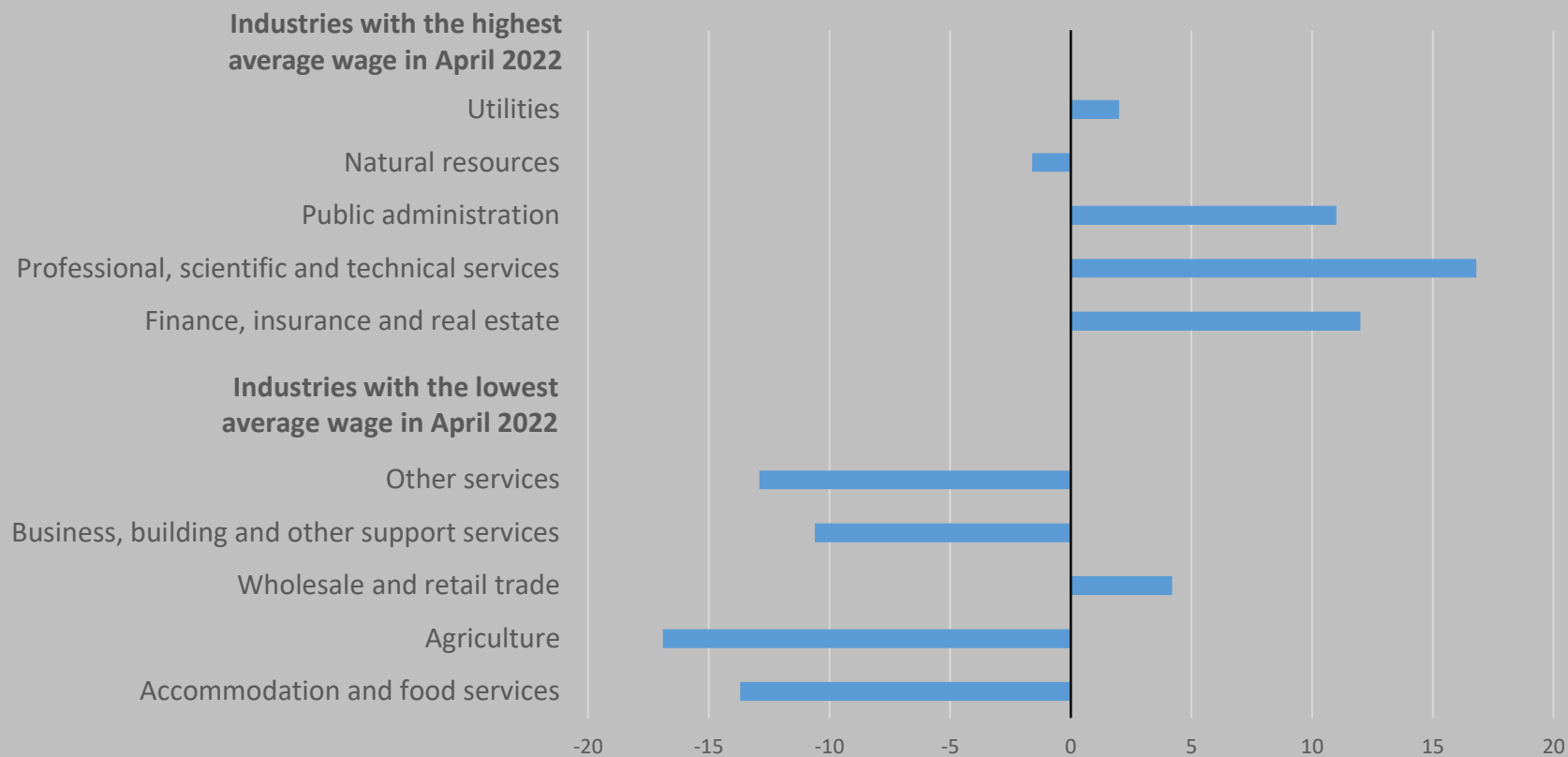
Sources: Labour Force Survey, table 14-10-0306; Consumer Price Index, table 18-10-0004.



2. COVID-19 contributed to a shift in employment towards higher-wage industries

- Overall wage changes observed since 2019 are influenced by shifts in the relative composition of employment, from lower-wage to higher-wage industries.
- Most of the highest-wage industries have seen strong employment growth over the past three years, while employment has decreased in most of the lowest-wage industries.
- This compositional shift alone puts upward pressure on the average wage, regardless of any changes in individual pay.

Chart 3: Employment change (%) from April 2019 to April 2022, selected industries

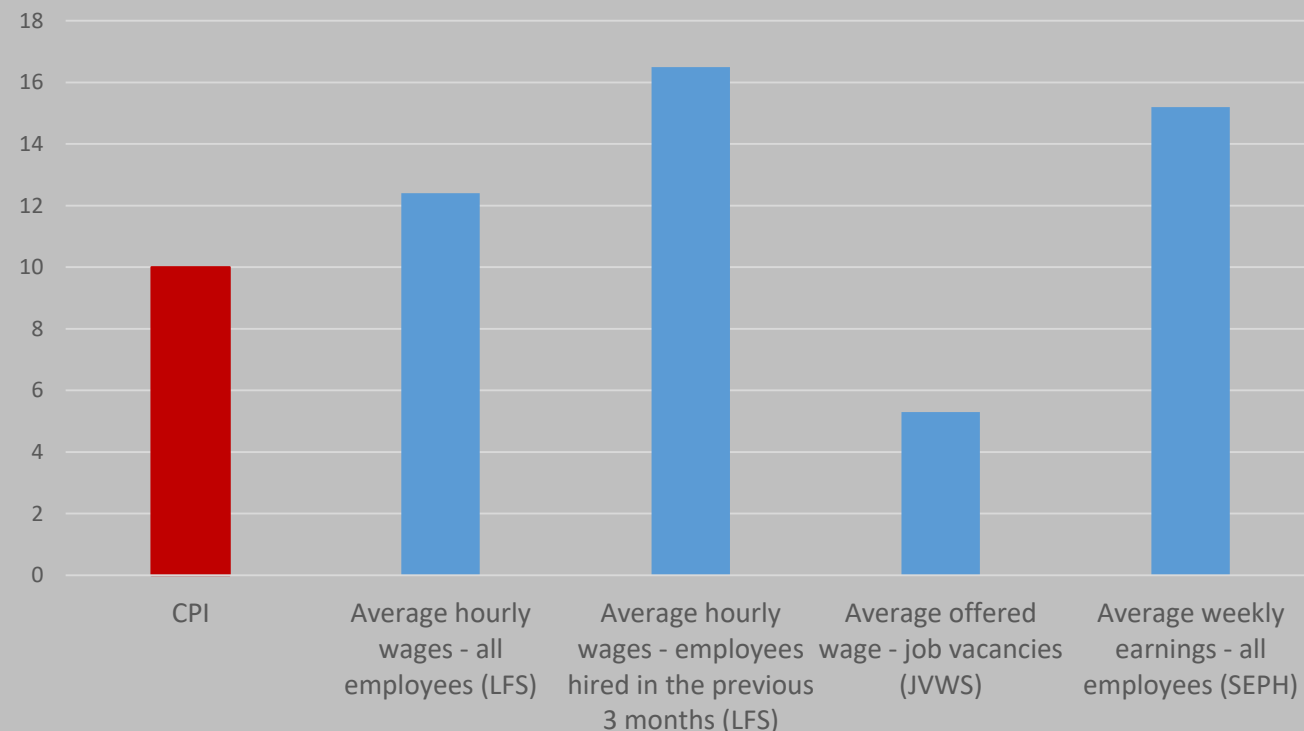


Source: Labour Force Survey, table 14-10-0355.

3. Interpreting wage growth requires a range of indicators

- Understanding the dynamics of wage changes—and their relationship to rising consumer prices—requires a range of indicators above and beyond average hourly wages from the Labour Force Survey (LFS).
- From March 2019 to March 2022, recently-hired employees saw wage gains which were greater than both CPI and the average for all employees, in part a reflection of some job-changers having above-average work experience and earning power.
- On the other hand, the offered wages associated with vacant positions grew more slowly than CPI, suggesting limits in the ability of some employers to raise pay levels.
- Average weekly earnings, which capture the effects of changes in both wages and the number of hours worked per week, grew slightly faster than average hourly wages from March 2019 to March 2022.

Chart 4: Change (%) in selected wage and price indicators, March 2019 to March 2022

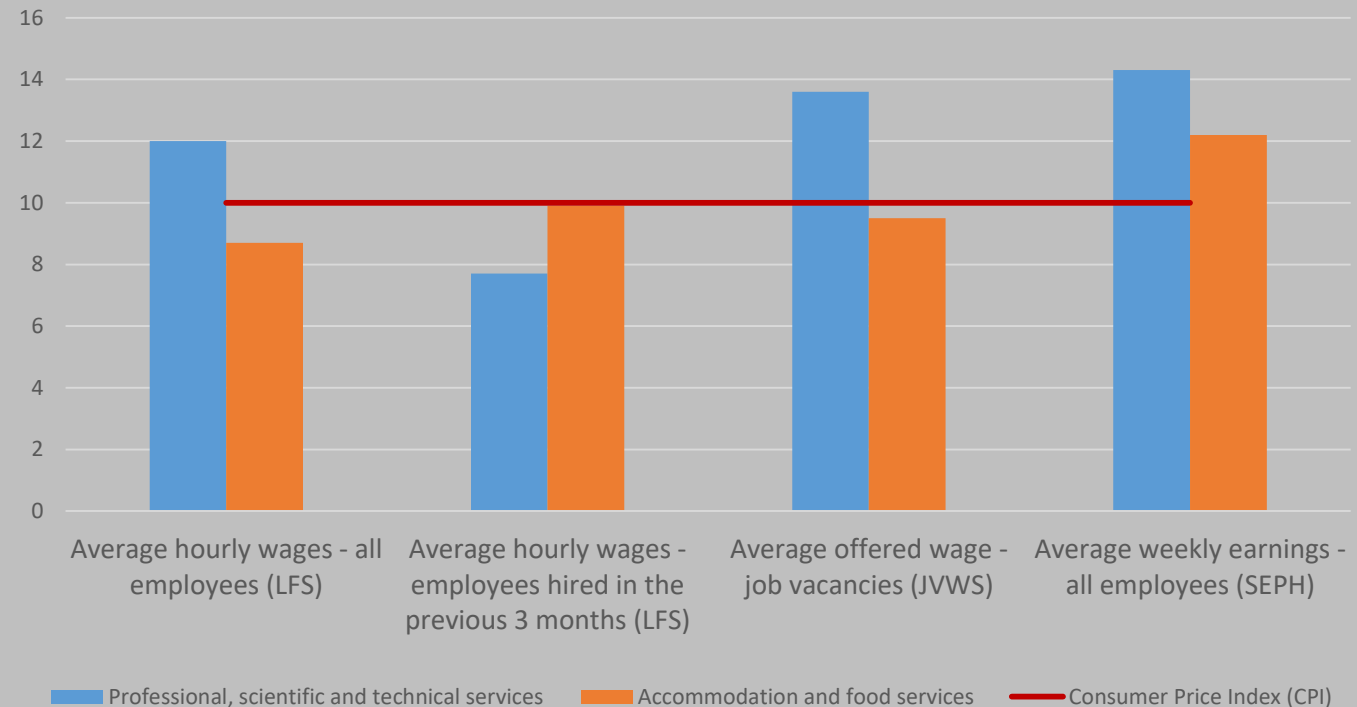


Note: JVWS data are from the first quarter of 2019 to the fourth quarter of 2021.
Sources: Consumer Price Index, table 18-10-0004; Labour Force Survey, table 14-10-0306 and custom tabulation; Job Vacancy and Wage Survey, table 14-10-0326; Survey of Employment, Payrolls, and Hours, table 14-10-0220.

4. Differences in wage dynamics across industries shed additional light on labour market conditions

- In the accommodation and food services industry, growth in average hourly wages from March 2019 to March 2022 lagged behind CPI growth. Over the same period, for this industry, both the wages of recently-hired workers and the offered wages of job vacancies matched inflation, pointing to pressures on employers to raise wages in response to labour shortages.
- In professional, scientific and technical services, growth in average wages, offered wages and weekly earnings each exceeded inflation over the period from March 2019 to March 2022. Wages of recently-hired employees lagged behind, suggesting compositional differences between new hires and the overall industry workforce over the period.

Chart 5: Change (%) in selected price and wage indicators, selected industries, March 2019 to March 2022



Note: JVWS data are from the first quarter of 2019 to the fourth quarter of 2021.

Sources: Consumer Price Index, table 18-10-0004; Labour Force Survey, table 14-10-0306 and custom tabulation; Job Vacancy and Wage Survey, table 14-10-0326; Survey of Employment, Payrolls, and Hours, table 14-10-0220.



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