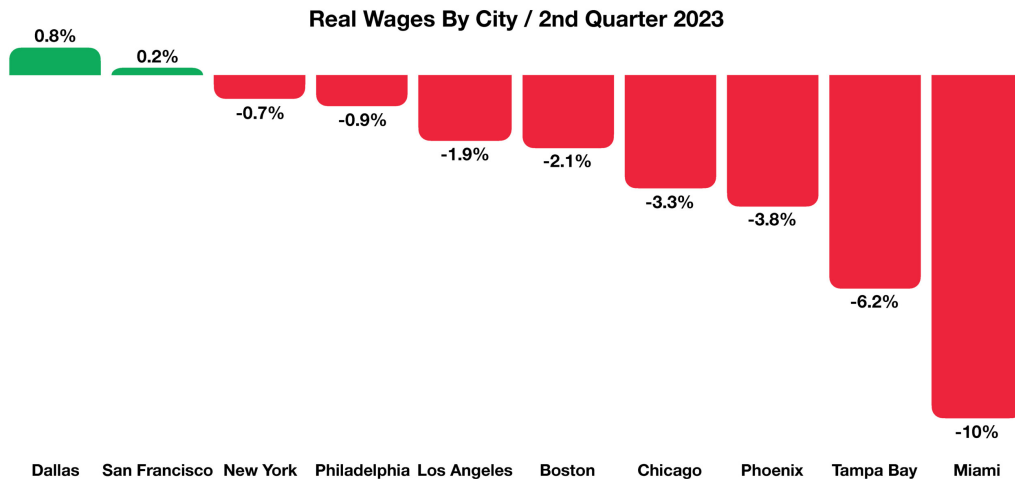## Wages Lag Behind Inflation in Nearly All U.S. Cities - Employment Update

Real wages, or workers' pay adjusted for inflation, have decreased for 26 consecutive months. Even when nominal wage growth has been significant, inflation has surpassed it and diminished workers' purchasing power for over two years.

Most major American cities saw declines in post-inflation wages as of May 2023, other than minuscule increases in Dallas, San Francisco, and Houston. The worst metropolitan wage decrease is in Miami, whose workers saw a 10% drop in post-inflation pay due to 9% inflation and nominal wage contractions. Workers in Tampa Bay, San Diego, Phoenix, and Chicago are all seeing their inflation-adjusted wages fall by over 3% due to high inflation, despite all of these cities exhibiting nominal wage growth.

Stubborn inflation is weighing on workers, who are now also reportedly exhibiting historically high uncertainty in their year-ahead wages according to the New York Federal Reserve. Workers' uncertainty in their future wages reflects their faith in the strength of the job market and the economy as a whole. With wages consistently losing purchasing power and prices increasing for many consumers, this uncertainty has a substantial influence on spending habits and personal financial decisions.

Sources: Bureau of Labor Statistics, Bloomberg, Federal Reserve Bank of New York, Federal Reserve Bank of Atlanta, Federal Reserve Bank of St. Louis.

Real Wages By City / 2nd Quarter 2023

City	Real Wage
Dallas	0.8%
San Francisco	0.2%
New York	-0.7%
Philadelphia	-0.9%
Los Angeles	-1.9%
Boston	-2.1%
Chicago	-3.3%
Phoenix	-3.8%
Tampa Bay	-6.2%
Miami	-10%