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# Worker Earnings Still Increasing, But Slower in September

Hourly earnings growth stood at 4.98 percent in September, falling below 5 percent for the first time since April, according to the latest Paychex IHS Markit Small Business Employment Watch report.

Isaac M. O'Bannon • Oct. 04, 2022



Hourly earnings growth for workers of U.S. small businesses slowed in September, according to the latest Paychex | IHS Markit Small Business Employment Watch. Hourly earnings growth stood at 4.98 percent in September, falling below 5 percent for the first time since April. The Small Business Job Index, which measures the rate of small business job growth, also slowed slightly from the previous month, down -0.19 percent to 99.75.

“Decreasing for the seventh consecutive month, the jobs index is now below its level from one year ago,” said James Diffley, chief regional economist at IHS Markit.

“With low unemployment levels continuing, small businesses are relying on their current staff to do more, driving an increase hours worked,” said Martin Mucci, Paychex chairman and CEO. “The moderation in hourly earnings growth is of particular note, though, as it may be a sign that the Fed’s actions are possibly having an impact in the battle against inflation.”

In further detail, the September report showed:

- One-month annualized hourly earnings growth fell to 3.35 percent, the weakest growth rate since April 2021.
- Small business employment gains slowed during the spring and summer as monthly decreases averaged -0.26 percent from April through September.
- North Carolina remained the top state for small business job growth; Florida was once again the top state for worker hourly earnings growth (6.47 percent).
- Dallas continues to lead U.S. metros in small business job growth and hourly earnings growth for workers.
- Other services (except public administration) remained the top sector for job growth in September at 102.68.

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