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Wage Growth in Job Postings is Declining Sharply, Indeed Says

Advertised wages rose 5.3% in May from a year earlier, a marked decline from the peak of 9.3% in January 2022.

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Wage growth in U.S. job postings has been softening for more than a year now, and at the current rate it could return to pre-pandemic levels by early 2024, according to Indeed Hiring Lab.

Advertised wages rose 5.3% in May from a year earlier, a marked decline from the peak of 9.3% in January 2022, according to Indeed's wage tracker. The slowdown has been broad-based across industries, but it's been particularly pronounced in low-wage sectors—for the type of positions that saw the biggest gains as the economy recovered from the pandemic.

At its current rate of deceleration, wage growth would return to its 2019 average of 3.1% late this year or early in 2024, according to Indeed.

Among the sectors that are seeing a sharp pullback is the software industry, which has been through waves of layoffs in recent months following a hiring spree at the height of the pandemic. According to Indeed data, job postings in that sector dropped by almost 60% over the past year, and advertised wage growth is now less than half of what it was last November.

Other data have been showing a pullback in earnings growth. The Atlanta Fed's wage growth tracker dropped to 6.1% in April after peaking at 6.7% in June last year.

Indeed's measure uses a similar approach to the Atlanta Fed gauge, although it tracks types of positions rather than individuals. Indeed says its tracker has been leading other measures by several months in the past.

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