Federal Reserve Bank *of* Atlanta

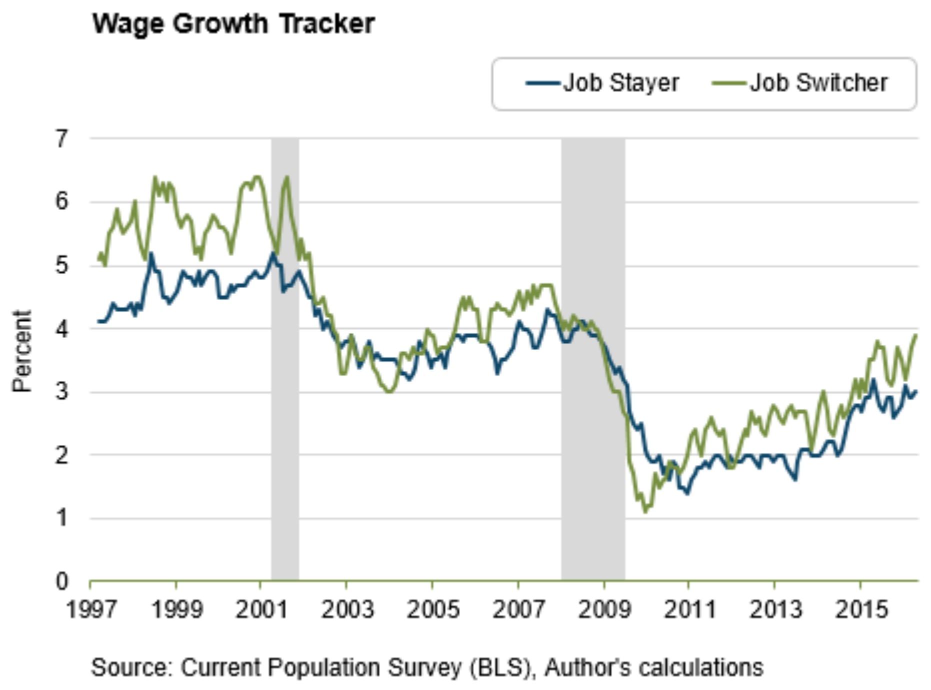
MACROBLOG

June 2, 2016

Moving On Up

People who move from one job to another tend to experience greater proportionate wage gains than those who stay in their job, *except* when the labor market is weak and there are relatively few employment options. This point was illustrated using the Atlanta Fed's Wage Growth Tracker in this *macroblog* post from last year.

Given that the Wage Growth Tracker ticked higher in April, it is interesting to see how much of that increase can be attributed to job switching. Here's what I found:

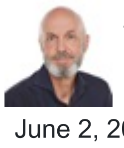


A note about the chart: In the chart, a "job stayer" is defined as someone who is in the same occupation and industry as he or she was 12 months ago and has been with the same employer for at least the last three months. A "job switcher" is everyone else.

The overall Wage Growth Tracker for April was 3.4 percent (up from 3.2 percent in March). For job stayers, the Tracker was 3.0 percent (up from 2.9 percent), and for job switchers it was 3.9 percent (up from 3.7 percent). So the wage gains of job switchers do appear to have helped pull up our overall wage growth measure.

Moreover, unlike the wage growth of job stayers, job switchers are now tending to see wage growth of a similar magnitude to that experienced before the recession. This observation is broadly consistent with the improvement seen during the last year in the quits rate (the number of workers who quit their jobs as a percent of total employment) from the Job Openings and Labor Turnover Survey.

I think it will be interesting to continue to monitor the influence of job switching on wage growth as a further indicator of improving labor market dynamism. An update that includes the May data should be available in a few weeks.



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