



Economics Group

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Employment Costs Remain Tame in Q1

Total employee compensation costs maintained a relatively steady, but sluggish, pace in the first quarter of 2016. The absence of stronger wage growth should keep the Fed cautious on near-term policy moves.

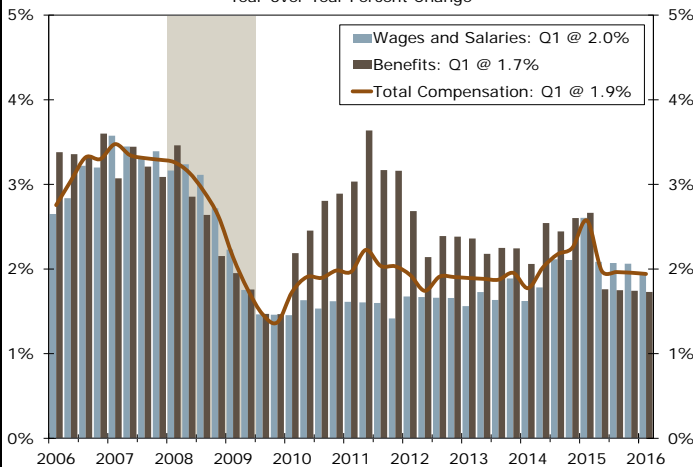
Private Sector Strengthens, Public Sector Moderates

- Following a downwardly revised Q4, total employee compensation costs increased as expected in Q1, up 0.6 percent. Wages and salaries, which constitute about 70 percent of total employment expenses, increased 0.7 percent in Q1.
- Wage strength in the quarter was concentrated in the private sector, up 0.7 percent, as the pace of growth in government wages & salaries slipped to 0.4 percent from 0.5 percent in Q4.

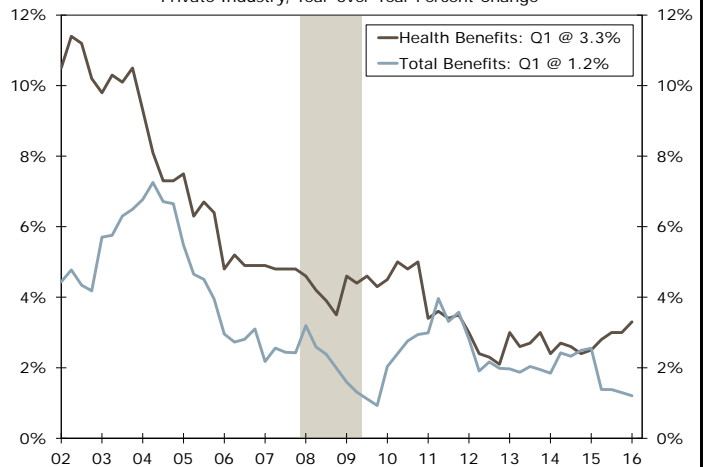
Rising Health Care Benefits

- One area that has seen solid acceleration is health care benefits. At a 3.3 percent year-over-year rate, the pace of growth in private sector health care benefits is the strongest since Q4 2011.
- In short, there is little sign of significant upward wage pressures. Acknowledged frequently by a variety of Fed members, the lack of accelerated wage growth will keep some officials hesitant towards the idea of a near-term policy rate move.

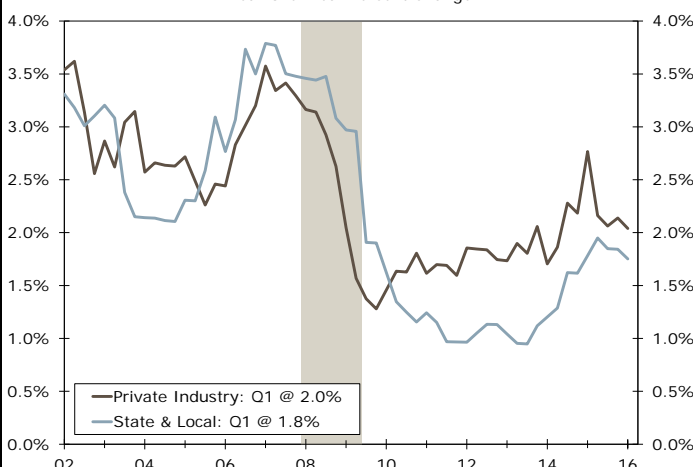
Employment Cost Index
Year-over-Year Percent Change



Total Benefits vs. Health Benefits
Private Industry, Year-over-Year Percent Change

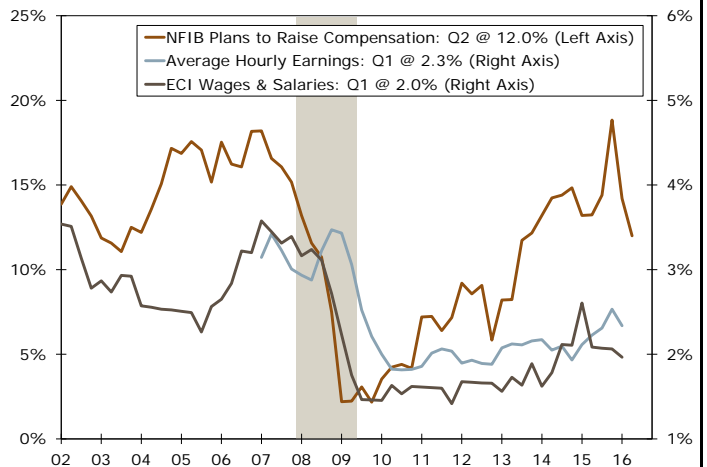


ECI Wage and Salary Costs by Sector
Year-over-Year Percent Change



ECI Wage Growth

vs. Small Business Plans to Raise Compensation and Avg. Hourly Earnings



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