



Transmission of material in this release is embargoed until 8:30 a.m. (EDT), Friday, September 16, 2016

USDL-16-1829

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REAL EARNINGS – AUGUST 2016

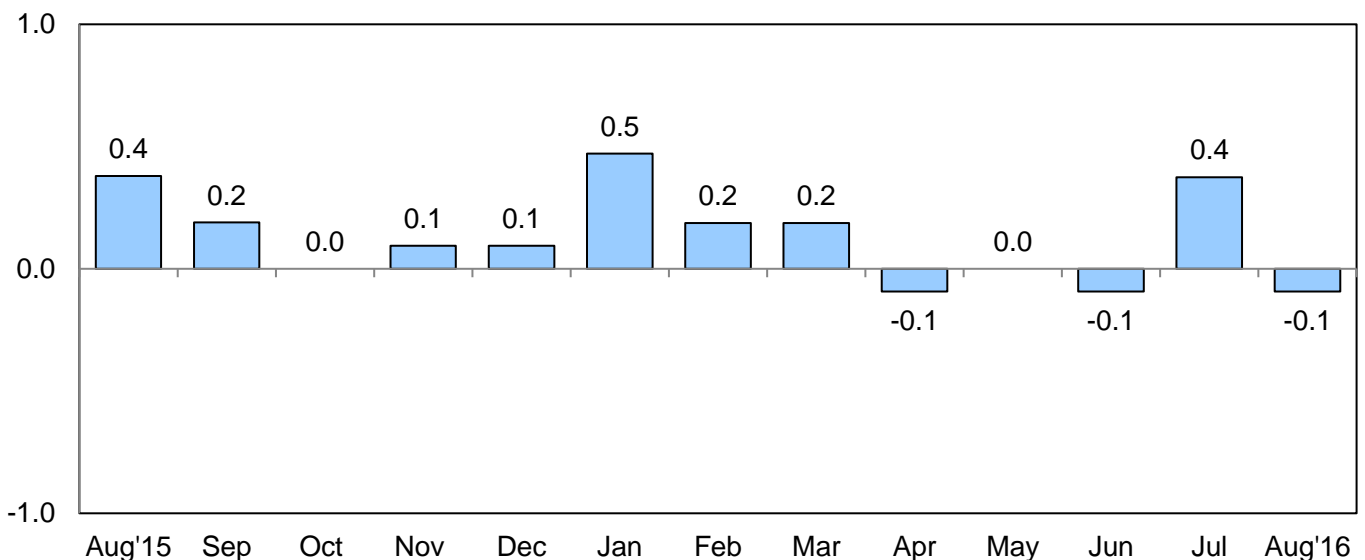
All employees

Real average hourly earnings for all employees decreased 0.1 percent from July to August, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. This result stems from a 0.1-percent increase in average hourly earnings being more than offset by a 0.2-percent increase in the Consumer Price Index for All Urban Consumers (CPI-U).

Real average weekly earnings decreased 0.4 percent over the month due to the decrease in real average hourly earnings combined with a 0.3-percent decrease in the average workweek.

Chart 1: Over-the-month percentage change in real average hourly earnings for all employees, seasonally adjusted, August 2015 – August 2016

Percent Change



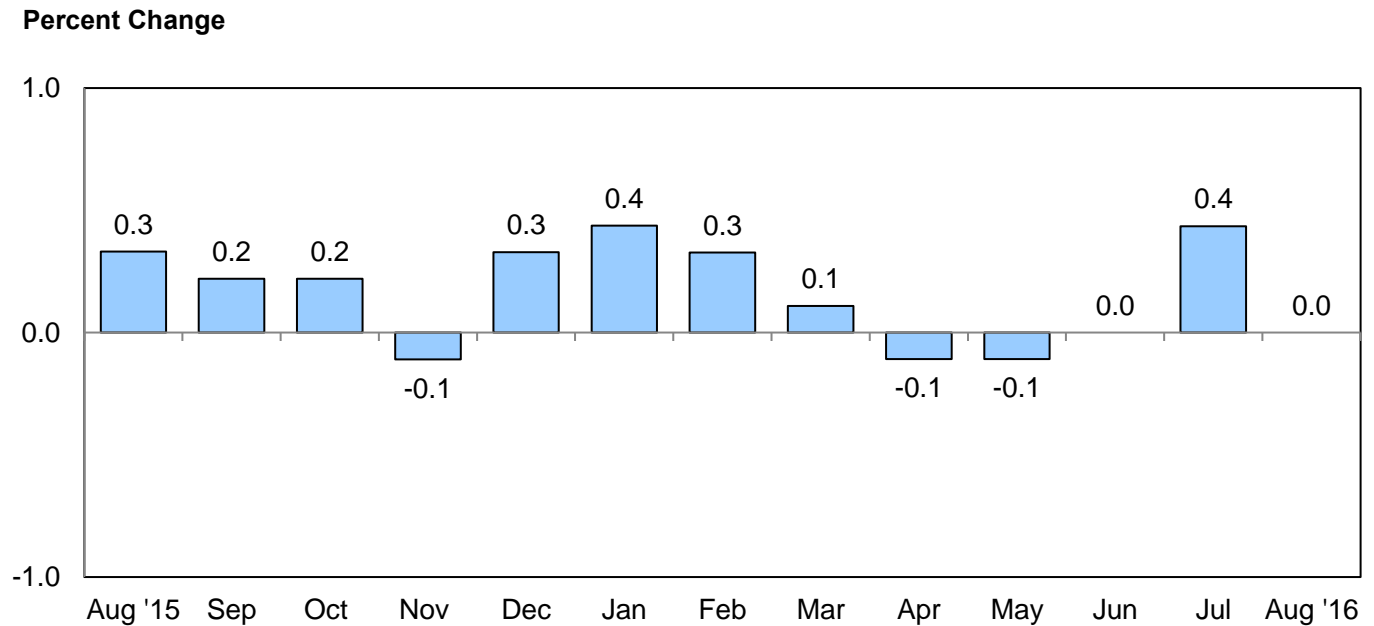
Real average hourly earnings increased 1.3 percent, seasonally adjusted, from August 2015 to August 2016. This increase in real average hourly earnings combined with a 0.9-percent decrease in the average workweek resulted in a 0.4-percent increase in real average weekly earnings over this period.

Production and nonsupervisory employees

Real average hourly earnings for production and nonsupervisory employees were unchanged from July to August, seasonally adjusted. This result stems from a 0.2-percent increase in average hourly earnings being offset by a 0.2-percent increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Real average weekly earnings decreased 0.3 percent over the month resulting from no change in real average hourly earnings combined with a 0.3-percent decrease in average weekly hours.

Chart 2: Over-the-month percentage change in real average hourly earnings for production and nonsupervisory employees, seasonally adjusted, August 2015 – August 2016



From August 2015 to August 2016, real average hourly earnings increased 1.8 percent, seasonally adjusted. The increase in real average hourly earnings combined with a 0.3-percent decrease in the average workweek resulted in a 1.5-percent increase in real average weekly earnings over this period.

Real Earnings for September 2016 is scheduled to be released on Tuesday, October 18, 2016 at 8:30 a.m. (EDT).

Table A-1. Current and real (constant 1982-1984 dollars) earnings for all employees on private nonfarm payrolls, seasonally adjusted

| | Aug. 2015 | June 2016 | July 2016 ^p | Aug. 2016 ^p |
|---|--------------|--------------|---------------------------|---------------------------|
| Real average hourly earnings ¹ | \$10.57 | \$10.68 | \$10.72 | \$10.71 |
| Real average weekly earnings ¹ | \$365.65 | \$367.33 | \$368.63 | \$367.26 |
| Consumer Price Index for All Urban Consumers..... | 237.703 | 239.927 | 239.828 | 240.305 |
| Average hourly earnings..... | \$25.12 | \$25.62 | \$25.70 | \$25.73 |
| Average weekly hours..... | 34.6 | 34.4 | 34.4 | 34.3 |
| Average weekly earnings..... | \$869.15 | \$881.33 | \$884.08 | \$882.54 |
| OVER-THE-MONTH PERCENT CHANGE | | | | |
| Real average hourly earnings ¹ | 0.4 | -0.1 | 0.4 | -0.1 |
| Real average weekly earnings ¹ | 0.4 | -0.1 | 0.4 | -0.4 |
| Consumer Price Index for All Urban Consumers..... | 0.0 | 0.2 | 0.0 | 0.2 |
| Average hourly earnings..... | 0.4 | 0.1 | 0.3 | 0.1 |
| Average weekly hours..... | 0.0 | 0.0 | 0.0 | -0.3 |
| Average weekly earnings..... | 0.4 | 0.1 | 0.3 | -0.2 |
| OVER-THE-YEAR PERCENT CHANGE | | | | |
| Real average hourly earnings ¹ | 2.1 | 1.6 | 1.8 | 1.3 |
| Real average weekly earnings ¹ | 2.4 | 1.3 | 1.2 | 0.4 |
| Consumer Price Index for All Urban Consumers..... | 0.2 | 1.1 | 0.9 | 1.1 |
| Average hourly earnings..... | 2.3 | 2.6 | 2.7 | 2.4 |
| Average weekly hours..... | 0.3 | -0.3 | -0.6 | -0.9 |
| Average weekly earnings..... | 2.6 | 2.3 | 2.1 | 1.5 |

¹ The Consumer Price Index for All Urban Consumers (CPI-U) is used to deflate the earnings series for all employees.

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Table A-2. Current and real (constant 1982-1984 dollars) earnings for production and nonsupervisory employees on private nonfarm payrolls, seasonally adjusted¹

| | Aug. 2015 | June 2016 | July 2016 ^p | Aug. 2016 ^p |
|---|--------------|--------------|---------------------------|---------------------------|
| Real average hourly earnings ² | \$9.08 | \$9.20 | \$9.24 | \$9.24 |
| Real average weekly earnings ² | \$305.91 | \$308.99 | \$311.34 | \$310.46 |
| Consumer Price Index for Urban Wage Earners and Clerical Workers..... | 232.555 | 234.013 | 233.800 | 234.200 |
| Average hourly earnings..... | \$21.11 | \$21.52 | \$21.60 | \$21.64 |
| Average weekly hours..... | 33.7 | 33.6 | 33.7 | 33.6 |
| Average weekly earnings..... | \$711.41 | \$723.07 | \$727.92 | \$727.10 |
| OVER-THE-MONTH PERCENT CHANGE | | | | |
| Real average hourly earnings ² | 0.3 | 0.0 | 0.4 | 0.0 |
| Real average weekly earnings ² | 0.3 | 0.0 | 0.8 | -0.3 |
| Consumer Price Index for Urban Wage Earners and Clerical Workers..... | 0.0 | 0.2 | -0.1 | 0.2 |
| Average hourly earnings..... | 0.3 | 0.2 | 0.4 | 0.2 |
| Average weekly hours..... | 0.0 | 0.0 | 0.3 | -0.3 |
| Average weekly earnings..... | 0.3 | 0.2 | 0.7 | -0.1 |
| OVER-THE-YEAR PERCENT CHANGE | | | | |
| Real average hourly earnings ² | 2.4 | 1.8 | 2.1 | 1.8 |
| Real average weekly earnings ² | 2.1 | 1.7 | 2.1 | 1.5 |
| Consumer Price Index for Urban Wage Earners and Clerical Workers..... | -0.2 | 0.7 | 0.5 | 0.7 |
| Average hourly earnings..... | 2.1 | 2.5 | 2.6 | 2.5 |
| Average weekly hours..... | -0.3 | 0.0 | 0.0 | -0.3 |
| Average weekly earnings..... | 1.8 | 2.5 | 2.6 | 2.2 |

¹ Data relate to production employees in mining and logging and manufacturing, construction employees in construction, and nonsupervisory employees in the service-providing industries. These groups account for approximately four-fifths of the total employment on private nonfarm payrolls.

² The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is used to deflate the earnings series for production and nonsupervisory employees.

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Explanatory Note

The earnings series presented in this release are derived from the Bureau of Labor Statistics' Current Employment Statistics (CES) survey, a monthly establishment survey of employment, payroll, and hours. The deflators used for constant-dollar earnings series presented in this release come from the Consumer Price Index Programs. The Consumer Price Index for All Urban Consumers (CPI-U) is used to deflate the all employees series, while the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is used to deflate the production employees series.

Seasonally adjusted data are used for estimates of percent change from the same month a year ago for current and constant average hourly and weekly earnings. Special techniques are applied to the CES hours and earnings data in the seasonal adjustment process to mitigate the effect of certain calendar-related fluctuations. Thus, over-the-year changes of these hours and earnings are best measured using seasonally adjusted series. A discussion of the calendar-related fluctuations in the hours and earnings data and the special techniques to remove them is available in the February 2004 issue of *Employment and Earnings* or on the Internet under 'Technical Notes' (<http://www.bls.gov/ces/>).

Earnings series from the monthly establishment series are estimated arithmetic averages (means) of the hourly and weekly earnings of all jobs in the private nonfarm sector of the economy, as well as of all production and nonsupervisory jobs in the private nonfarm sector of the economy. Average hourly earnings estimates are derived by dividing the estimated industry payroll by the corresponding paid hours. Average weekly hours estimates are similarly derived by dividing estimated aggregate hours by the corresponding number of jobs. Average weekly earnings estimates are derived by multiplying the average hourly earnings and the average weekly hours estimates. This is equivalent to dividing the estimated payroll by the corresponding number of jobs. The weekly and hourly earnings estimates for aggregate industries, such as the major industry sector and the total private sector averages printed in this release, are derived by summing the corresponding payroll, hours, and employment estimates of the component industries. As a result, each industry receives a "weight" in the published averages that corresponds to its current level of activity (employment or total hours). This further implies that fluctuations and varying trends in employment in high-wage versus low-wage industries as well as wage rate changes influence the earnings averages.

There are several characteristics of the series presented in this release that limit their suitability for some types of economic analyses. (1) The denominator for the all employee weekly earnings series is the number of private nonfarm jobs. Similarly, the denominator of the production employee weekly earnings series is the number of private nonfarm production and nonsupervisory employee jobs. This number includes full-time and part-time jobs as well as the jobs held by multiple jobholders in the private nonfarm sector. These factors tend to result in weekly earnings averages significantly lower than the corresponding numbers for full-time jobs. (2) Annual earnings averages can differ significantly from the result obtained by multiplying average weekly earnings times 52 weeks. The difference may be due to factors such as turnovers and layoffs. (3) The series are the average earnings of all employees or all production and nonsupervisory jobs, not the earnings average of "typical" jobs or jobs held by "typical" workers. Specifically, there are no adjustments for occupational, age, or schooling variations or for household type or location. Many studies have established the significance of these factors and that their impact varies over time.

Seasonally adjusted data are preferred by some users for analyzing general earnings trends in the economy since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude each year and, therefore, reveal the underlying trends and cyclical movements. Changes in average earnings may be due to seasonal changes in the proportion of workers in high-wage and low-wage industries or occupations or to seasonal changes in the amount of overtime work, and so on.

For more information, see Thomas Gavett, "Measures of Change in Real Wages and Earnings," *Monthly Labor Review*, February 1972.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD Message Referral Phone Number: 1-800-877-8339.