

Employment Costs Remain Calm in the Second Quarter

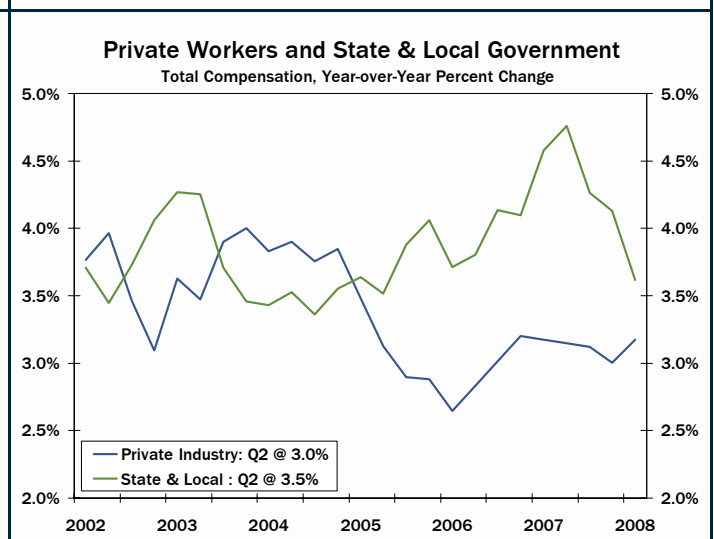
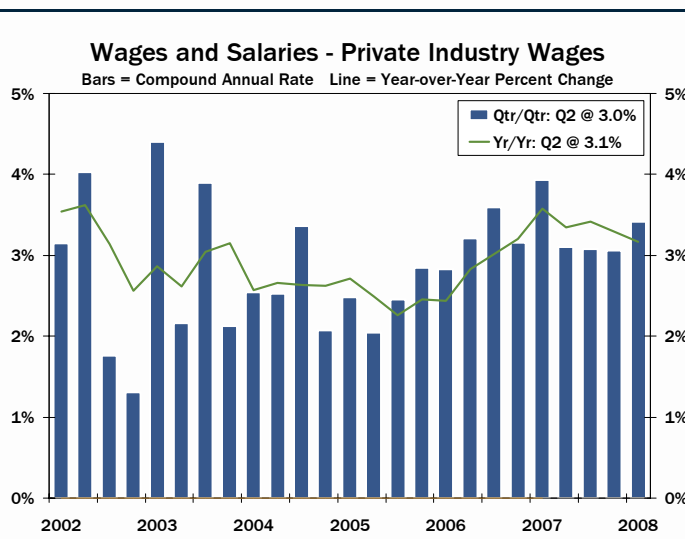
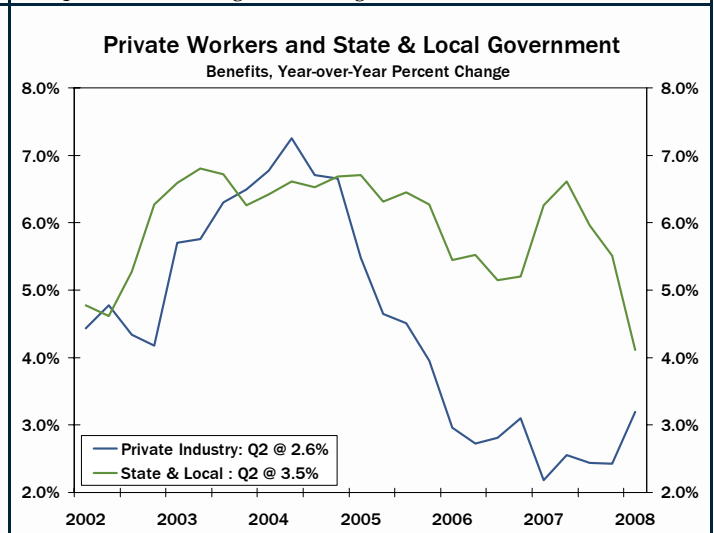
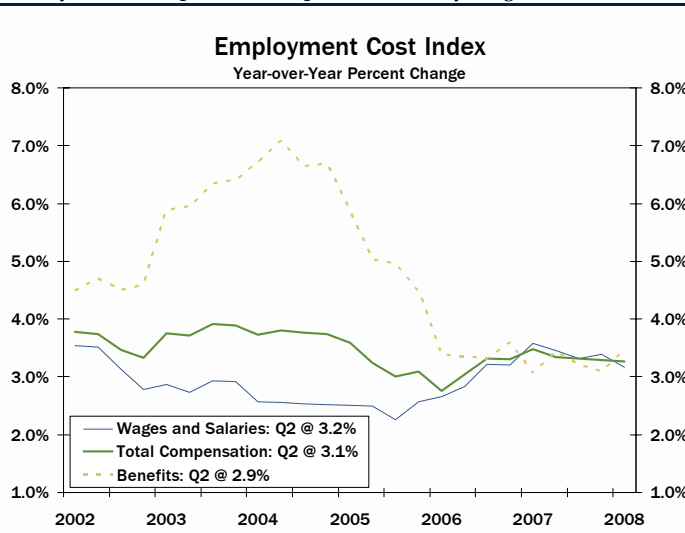
Suggesting employment costs are not adding to total inflation pressures, the Employment Cost Index rose 0.7 percent, as expected in the second quarter. Growth of wages and salaries also remained contained as labor market pressures have loosened. Today's report suggests the Fed can remain on hold at next week's FOMC meeting.

Wage and Benefit Costs Remain Steady

- Getting lost in the shuffle of revised GDP data and surging initial claims, total employment compensation costs remained well behaved in the second quarter, rising 3.1 percent year-over-year.
- Deteriorating labor market conditions witnessed so far this year has helped contain private industry wages & salaries.

Private Industry and Government Costs Are Moderate

- Growth in benefits payments for private workers remains contained as companies appear to have better cost control over increases in medical care costs.
- Despite the recent moderation, the year-over-year pace of total compensation in the government sector remains at a solid 3.5 percent, reflecting solid hiring trends.



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