



Consumer Spending and the Labor Market

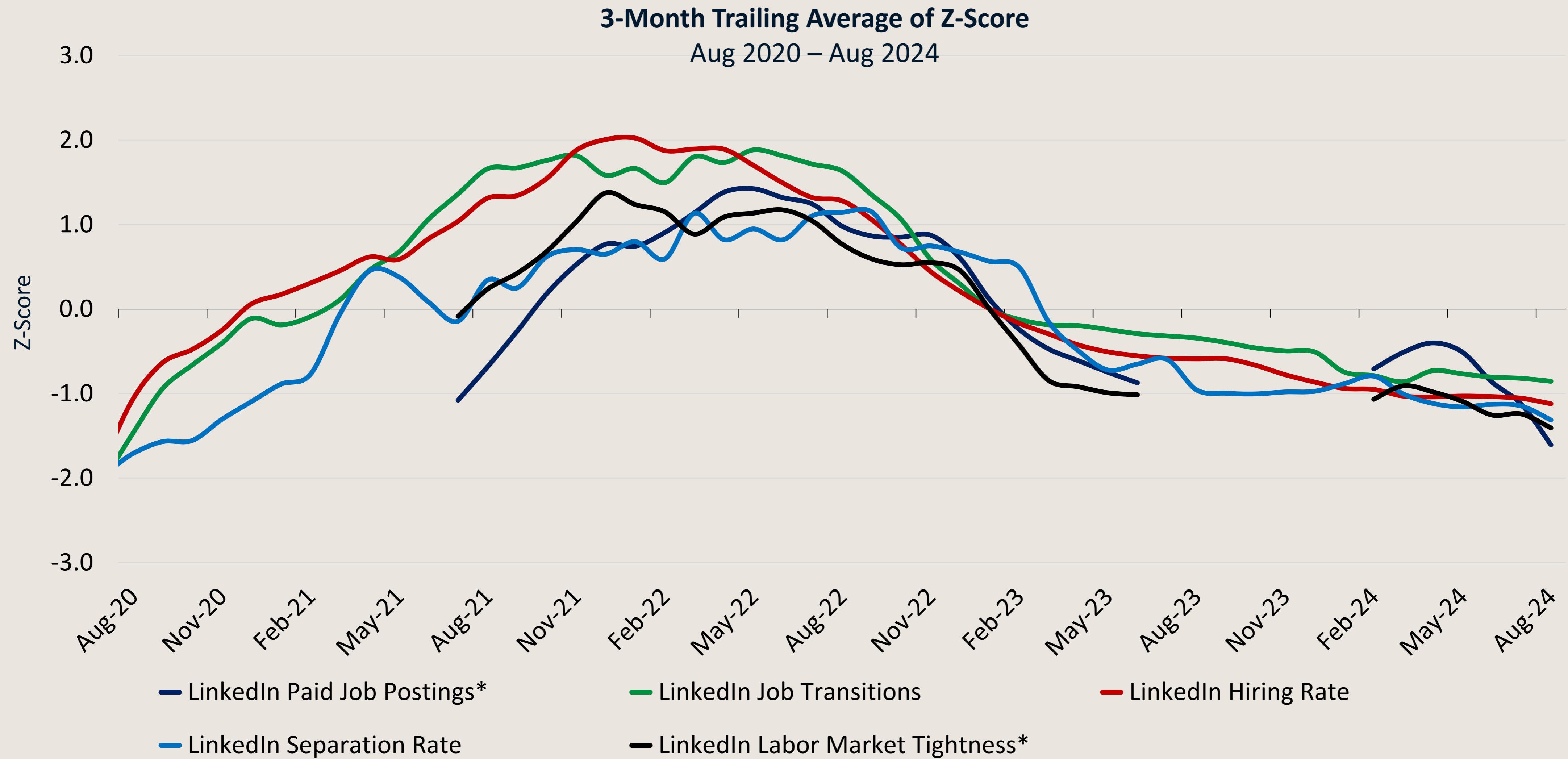
Karin Kimbrough

Chief Economist

LinkedIn

Federal Reserve Bank of New York
Economic Advisory Panel Meeting
20 September 2024

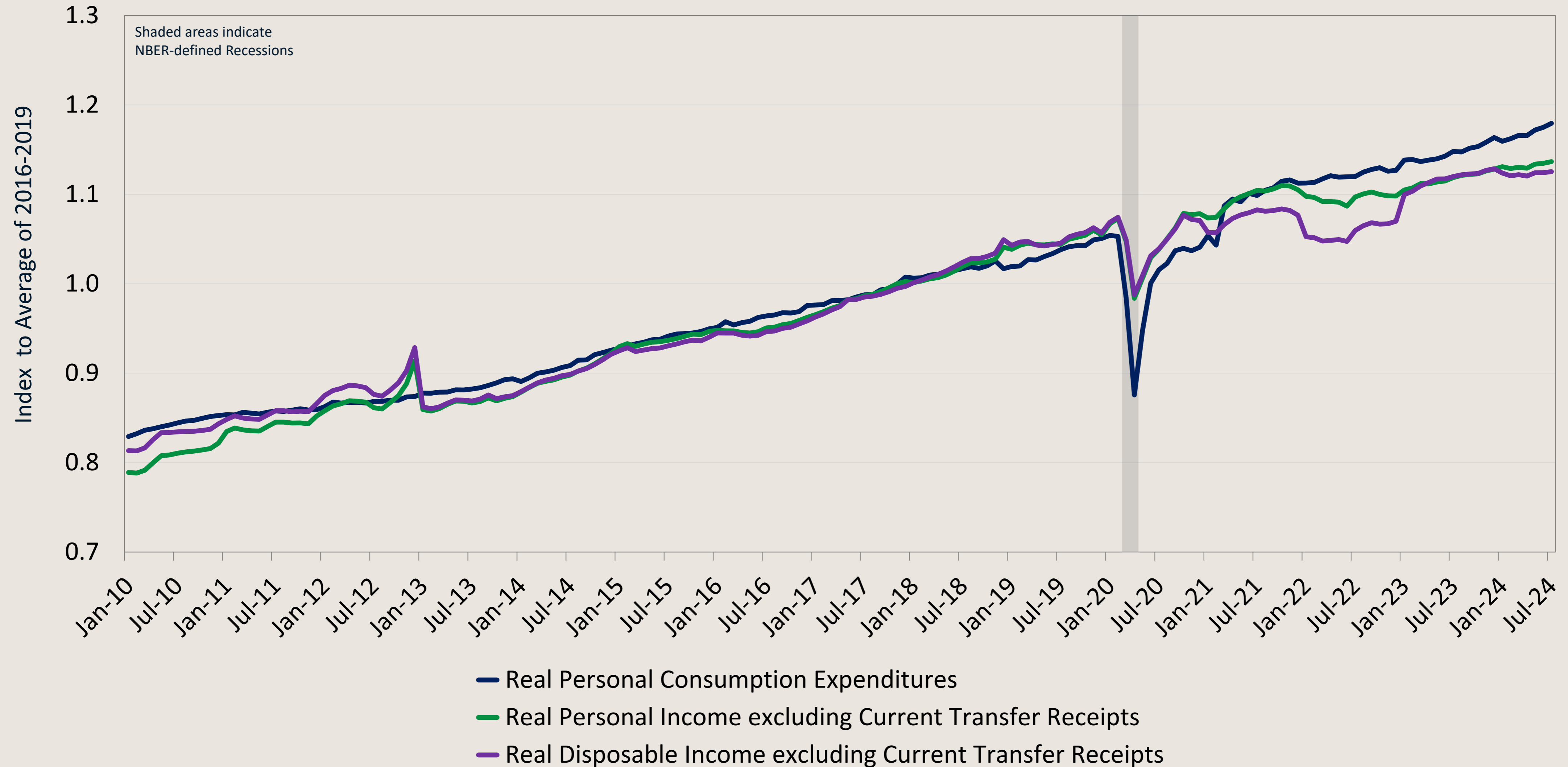
Procyclical LinkedIn labor market statistics point to some recent deterioration



* Some dates in 2023 not shown due to in-house changes.

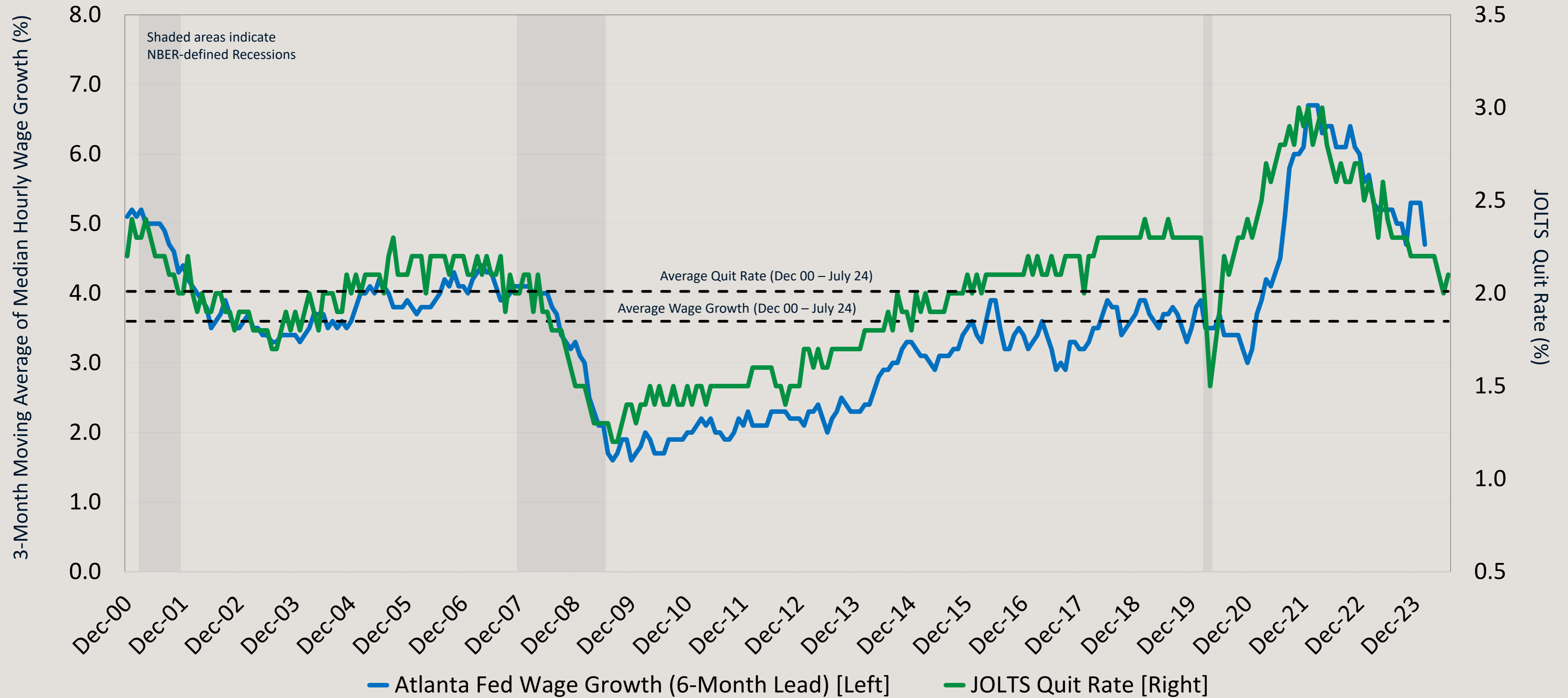
Wages and salaries account for ~50% of personal income but labor compensation totals to ~70% of personal disposable income.

Personal income growth no longer keeping pace with expenditures

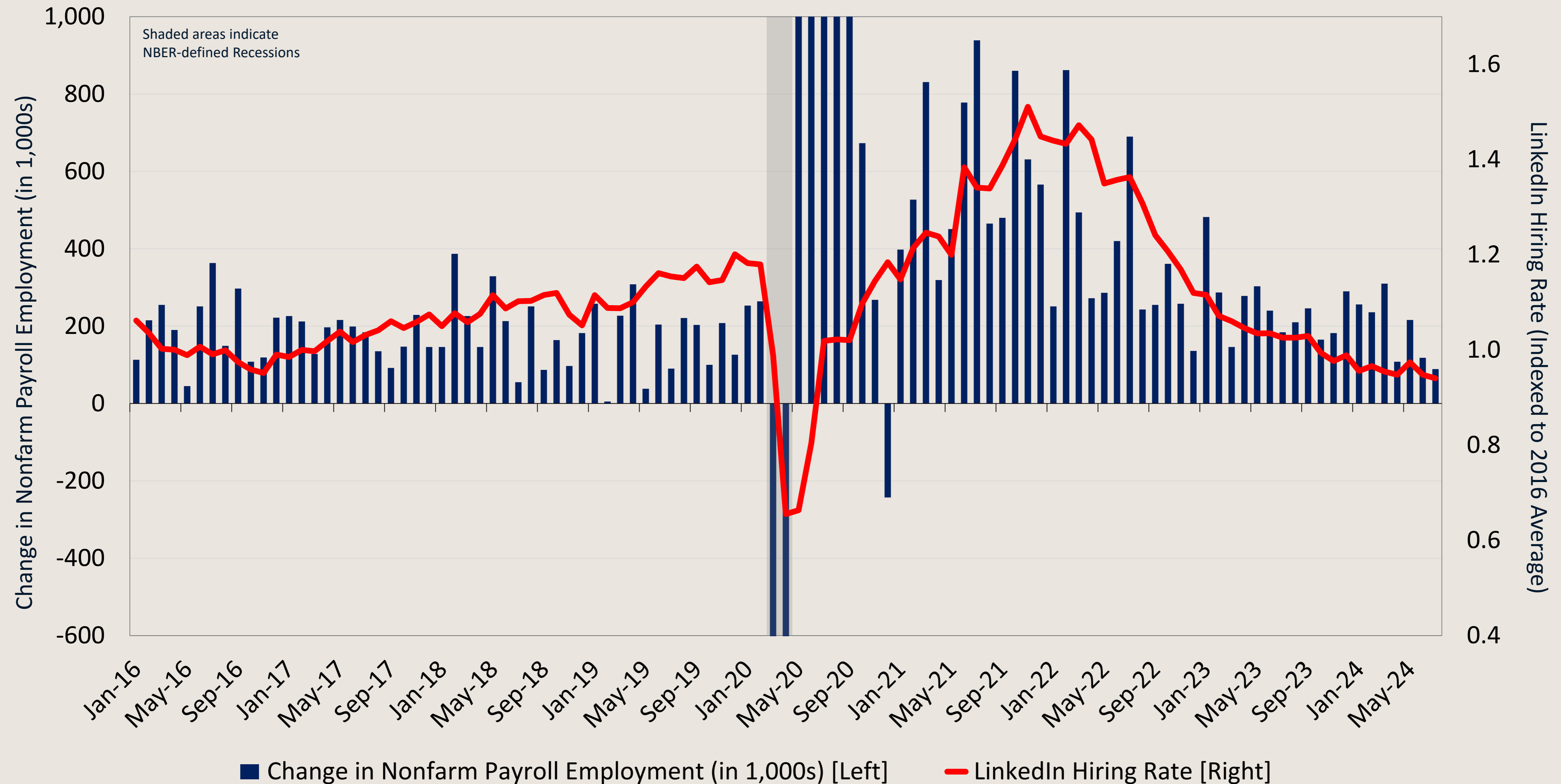


Labor market conditions affect consumer spending via income through continuous (wages) and discontinuous (employment) channels.

Downward pressure on wage growth in the pipeline

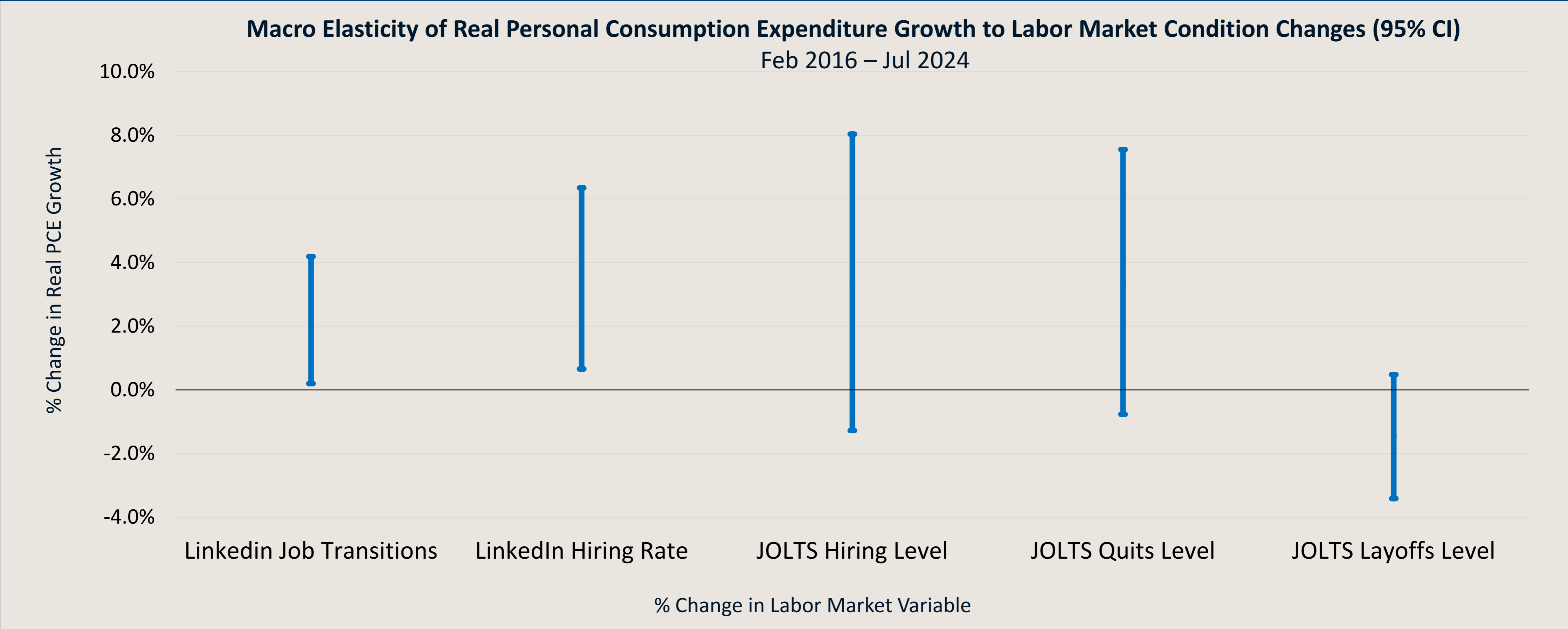


Hiring momentum points to further employment growth moderation



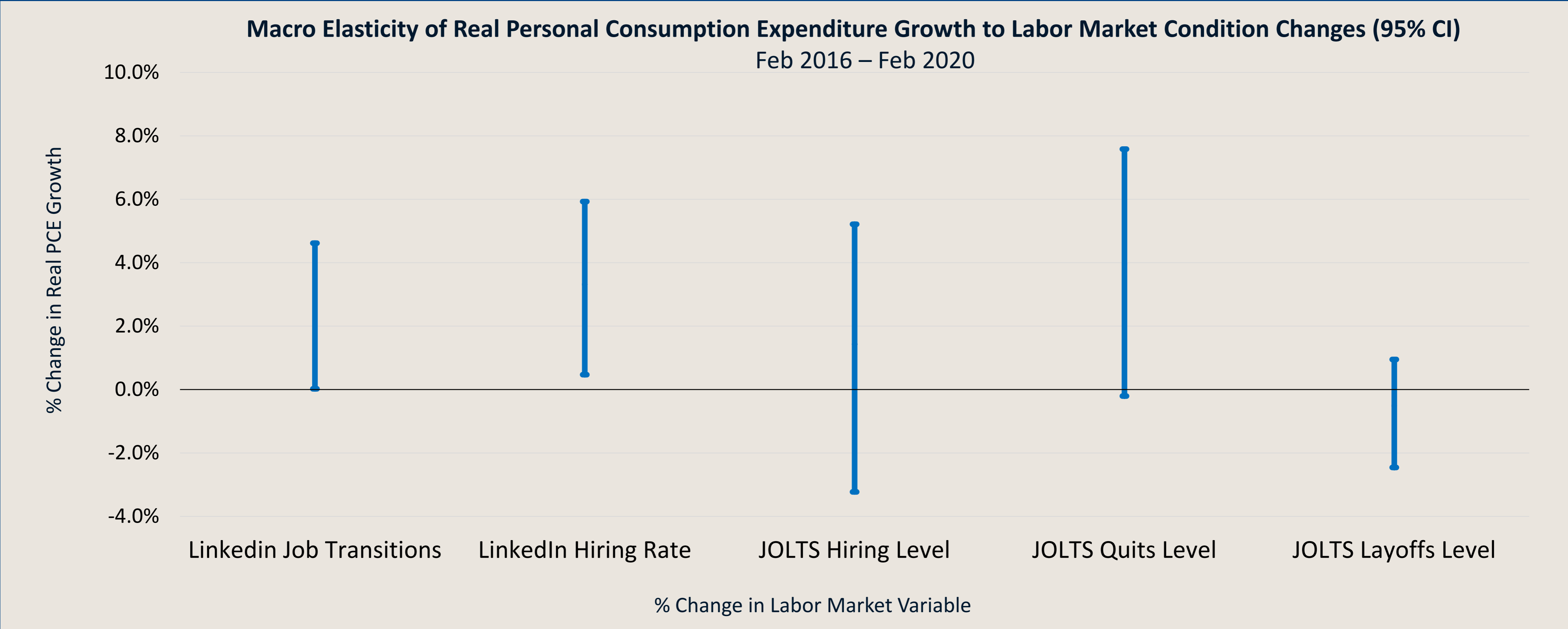
Aggregate consumer spending may be more sensitive to overall labor market conditions than in the past.

Aggregate consumer spending exhibits weak sensitivity to overall labor market conditions



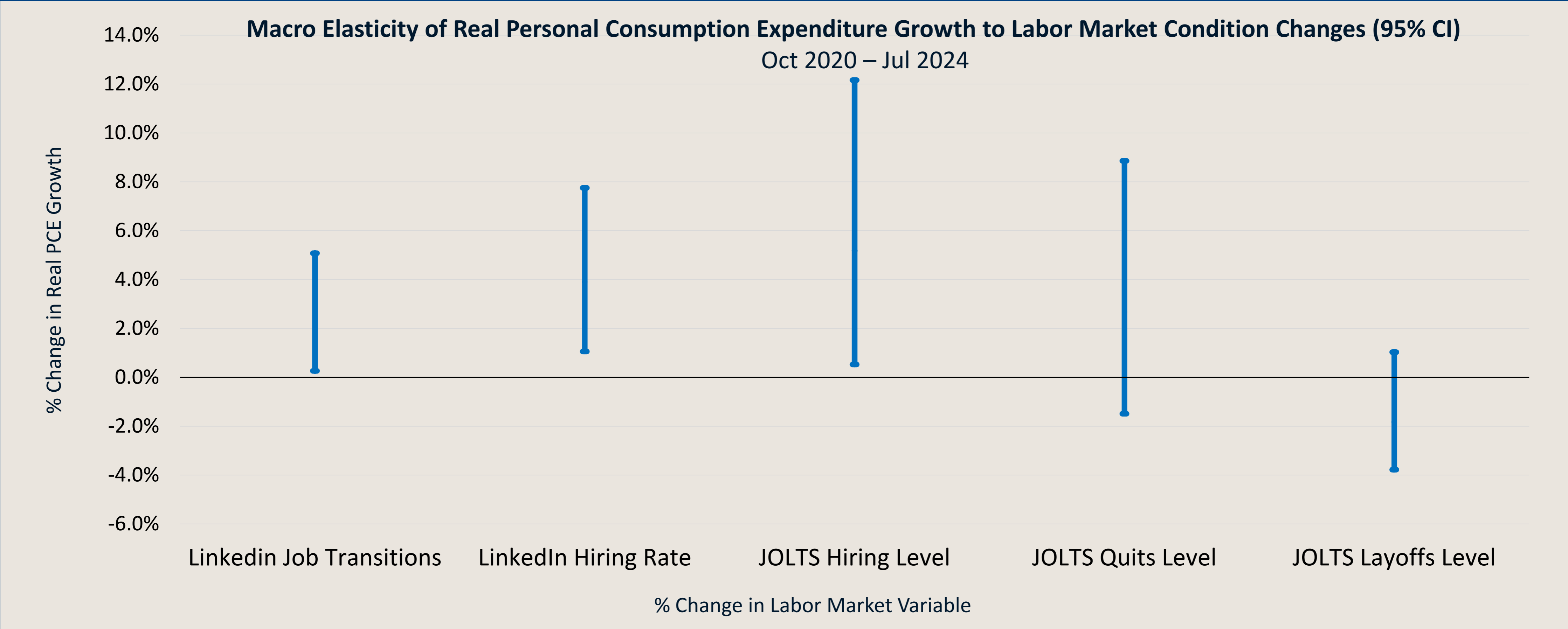
Source: Bureau of Economic Analysis, Bureau of Labor Statistics; LinkedIn Economic Graph Research Institute

Aggregate consumer spending exhibited less sensitivity to overall labor market conditions prior to the COVID-19 Recession



Source: Bureau of Economic Analysis, Bureau of Labor Statistics; LinkedIn Economic Graph Research Institute

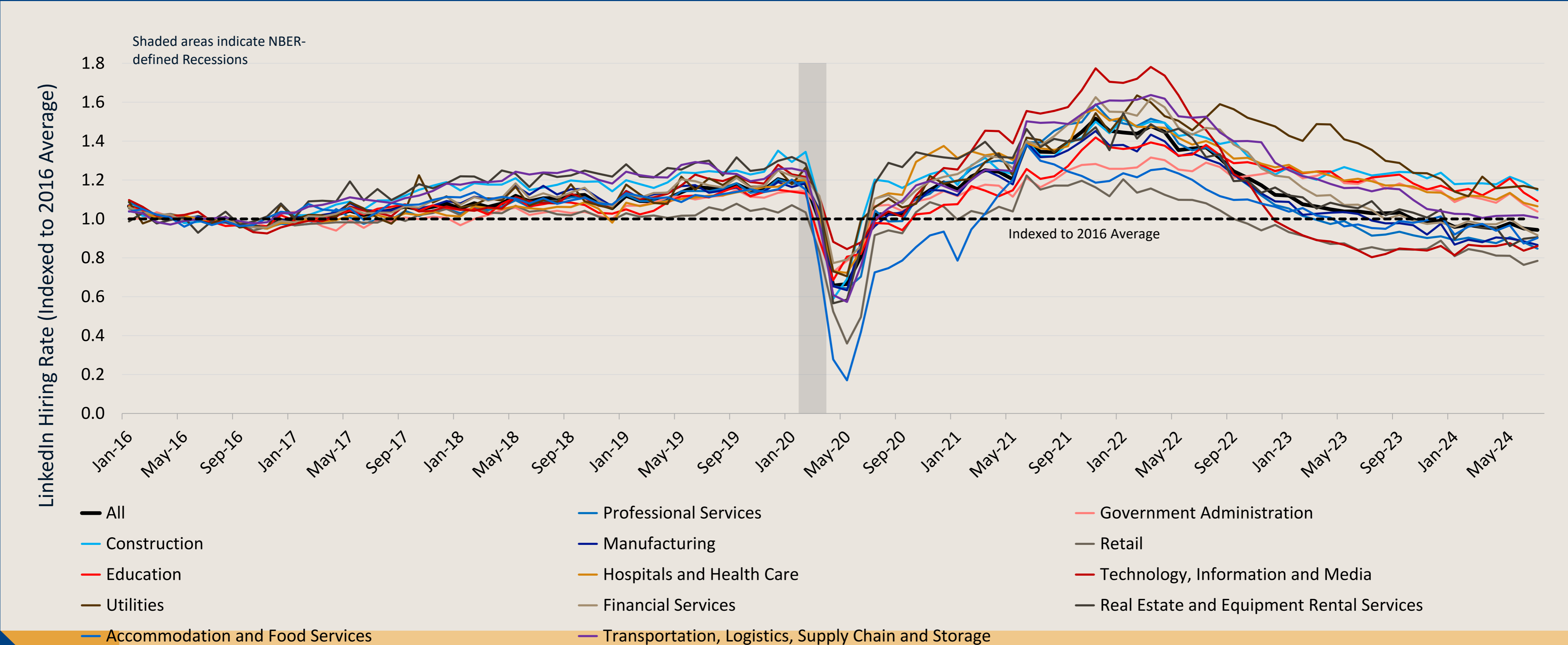
Aggregate consumer spending exhibited more sensitivity to overall labor market conditions after the COVID-19 Recession



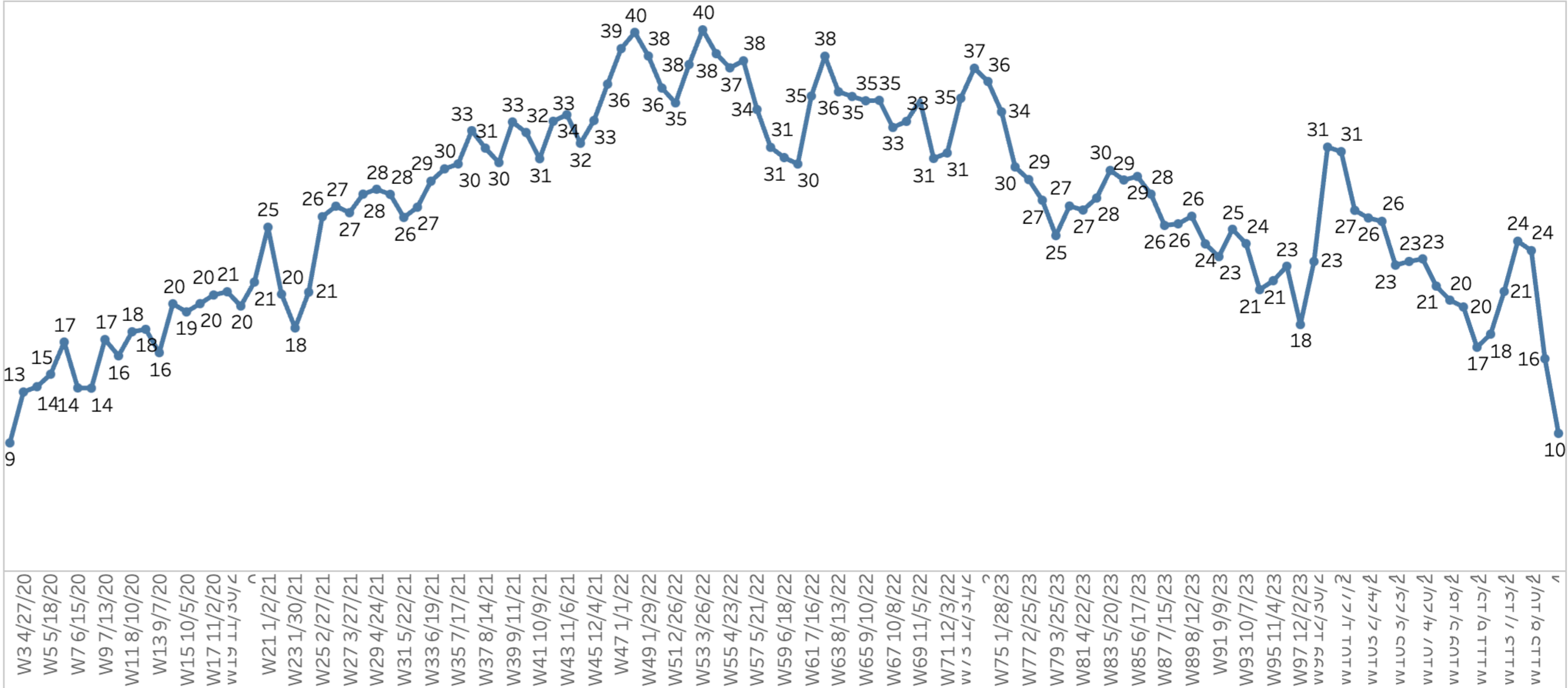
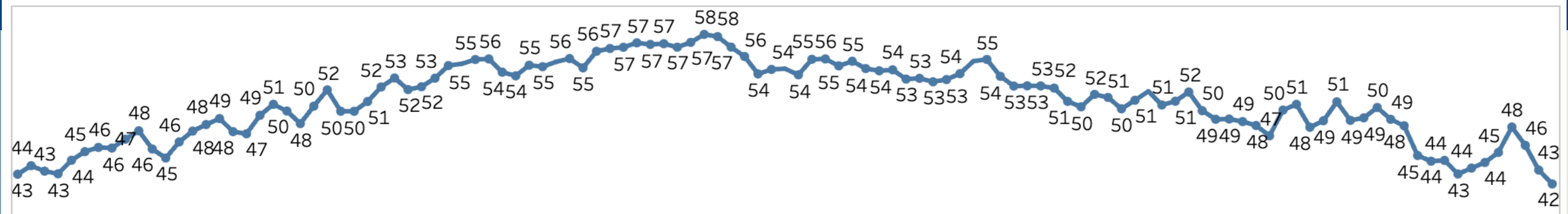
Source: Bureau of Economic Analysis, Bureau of Labor Statistics; LinkedIn Economic Graph Research Institute

Few industries are isolated from deteriorating labor market conditions initially concentrated in higher income sectors of the economy .

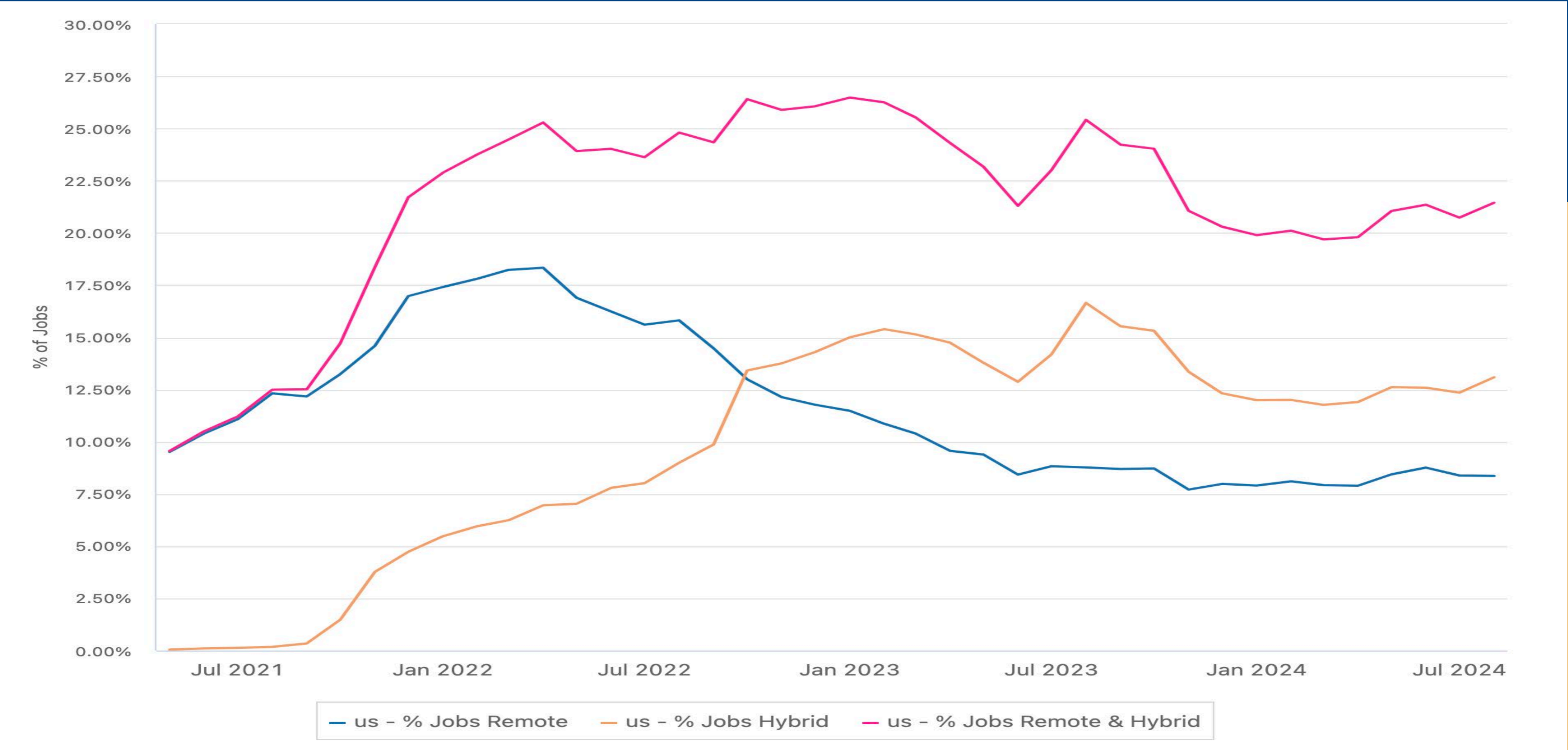
Increased divergence in post COVID-19 recession labor market experiences



Confidence in Finding or Keeping a Job, among All (Left) & Job Seeker only (Right)



Remote – Hybrid is stabilizing, for now.



Thank you