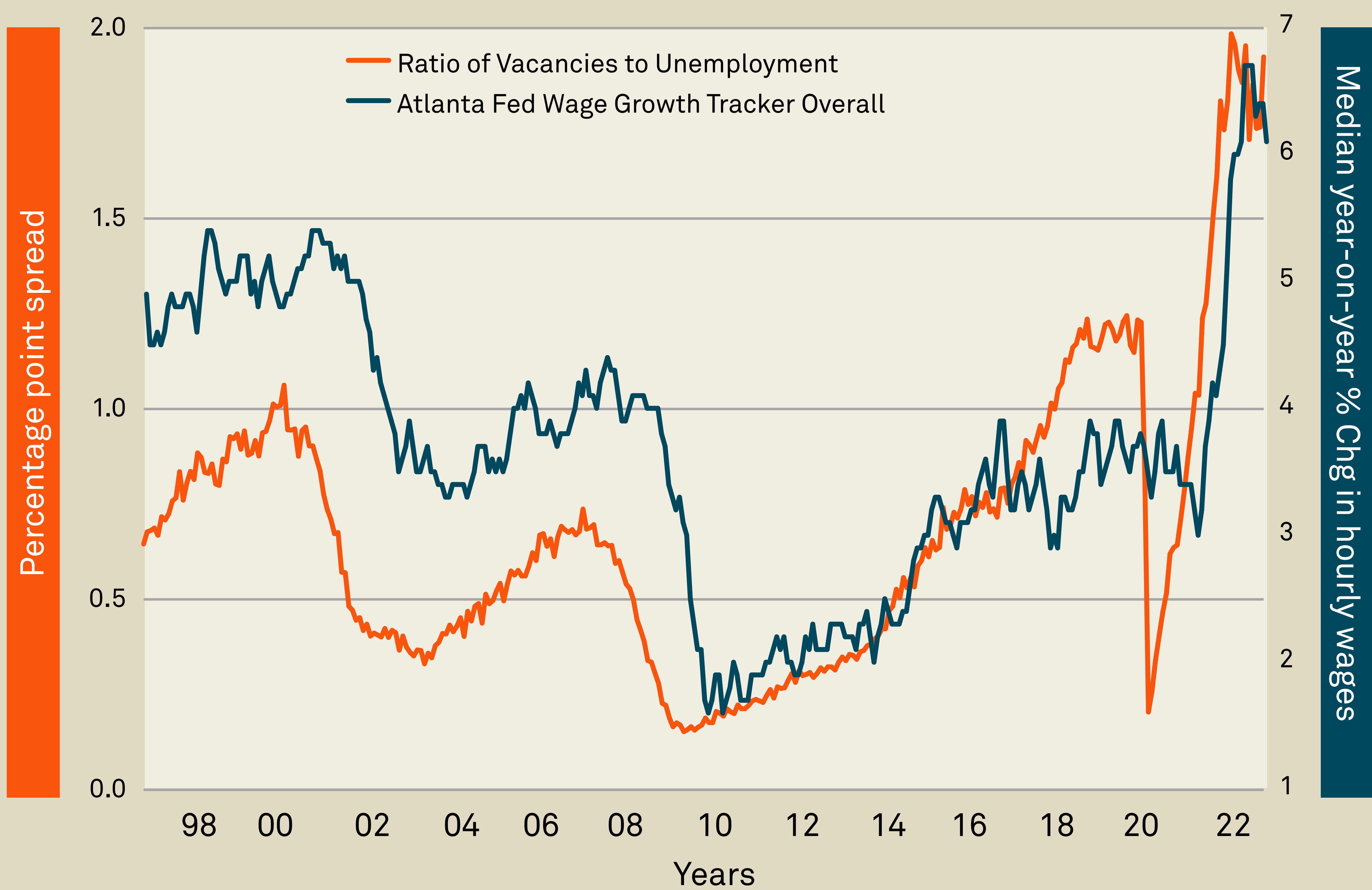


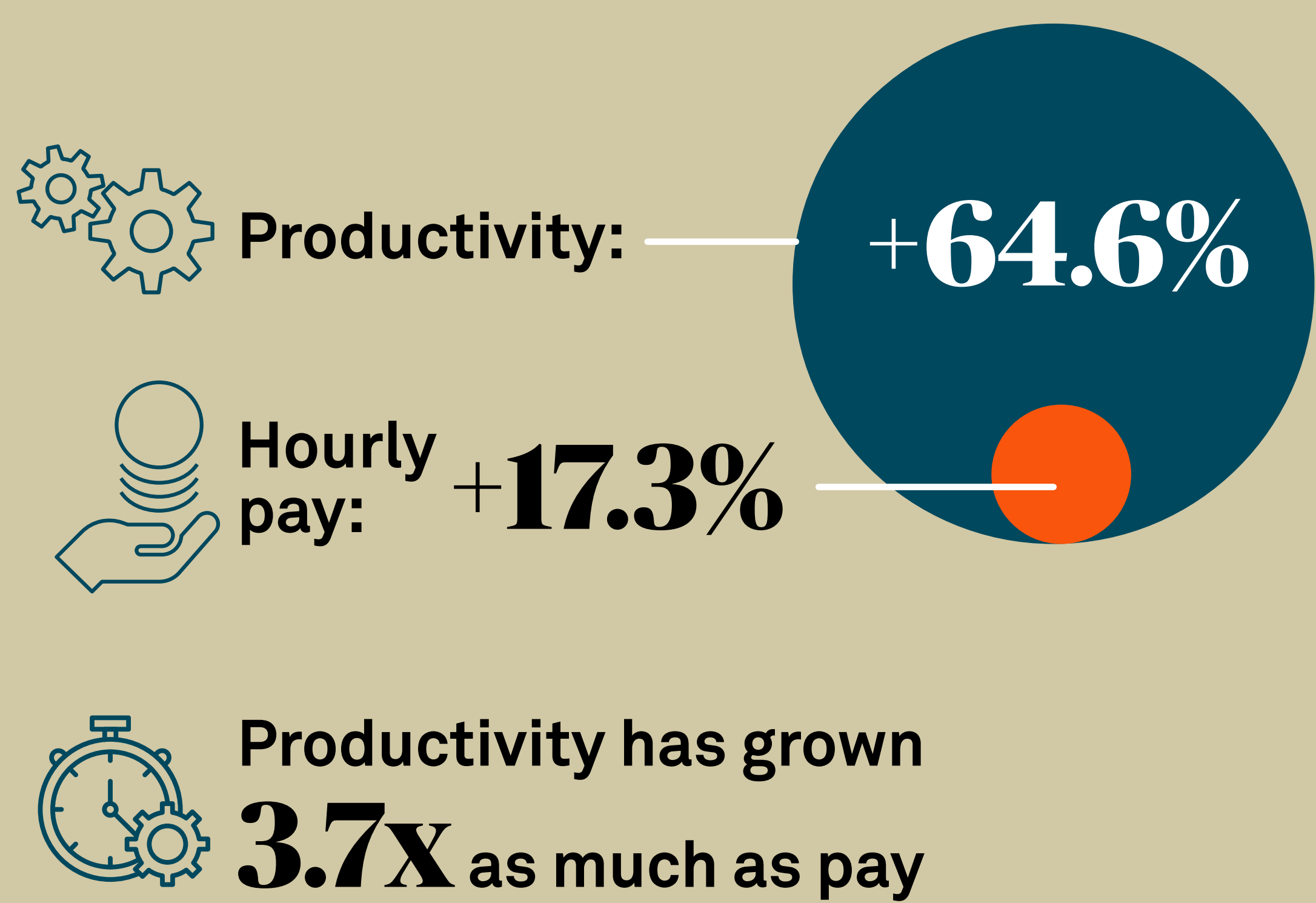
Salary vs inflation

US WAGES AND JOB MARKET



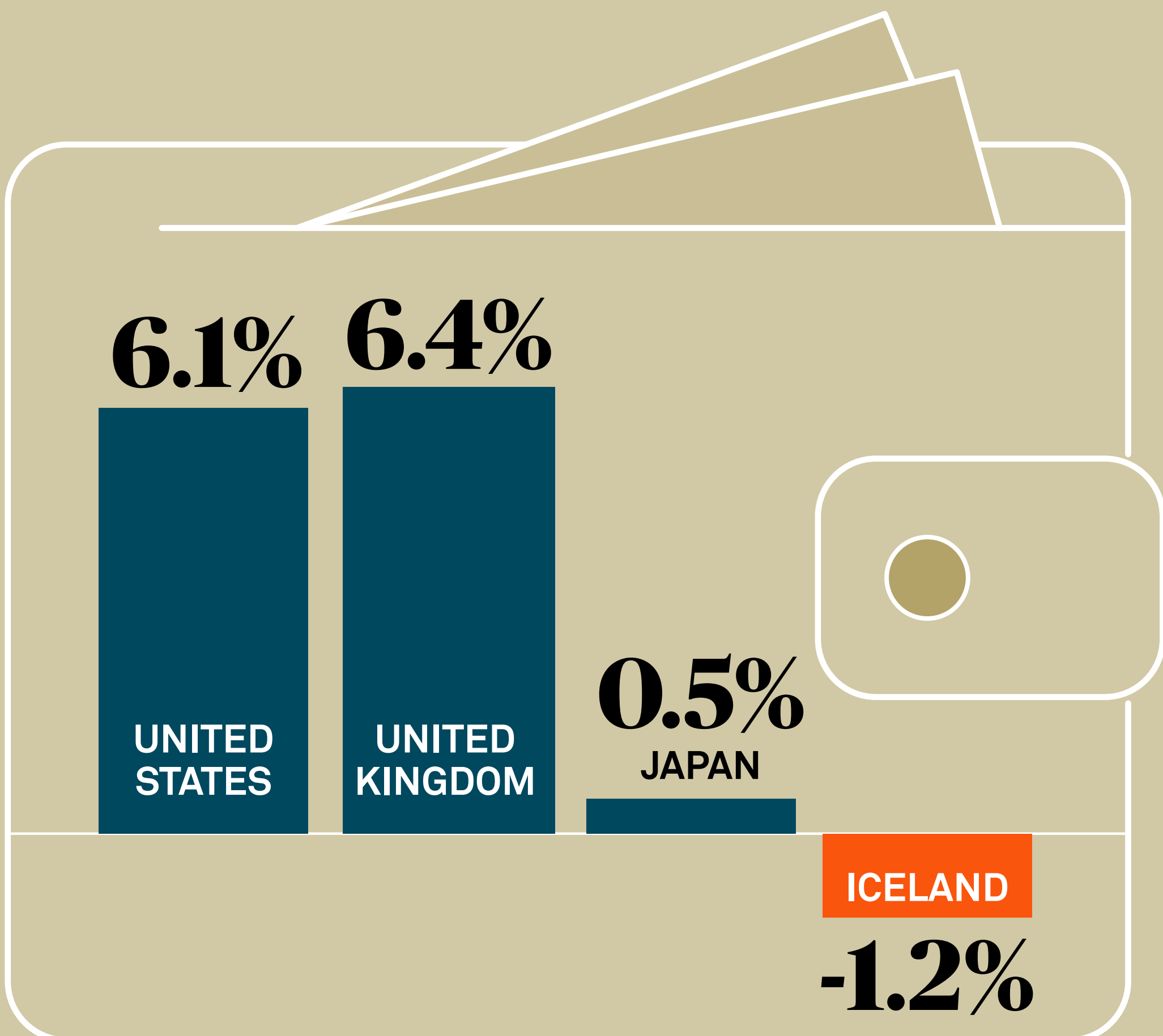
Source: Macrobond, BNY Mellon Investment Management. Data as of December 2, 2022.

US PRODUCTIVITY & PAY CHANGE 1979-2021



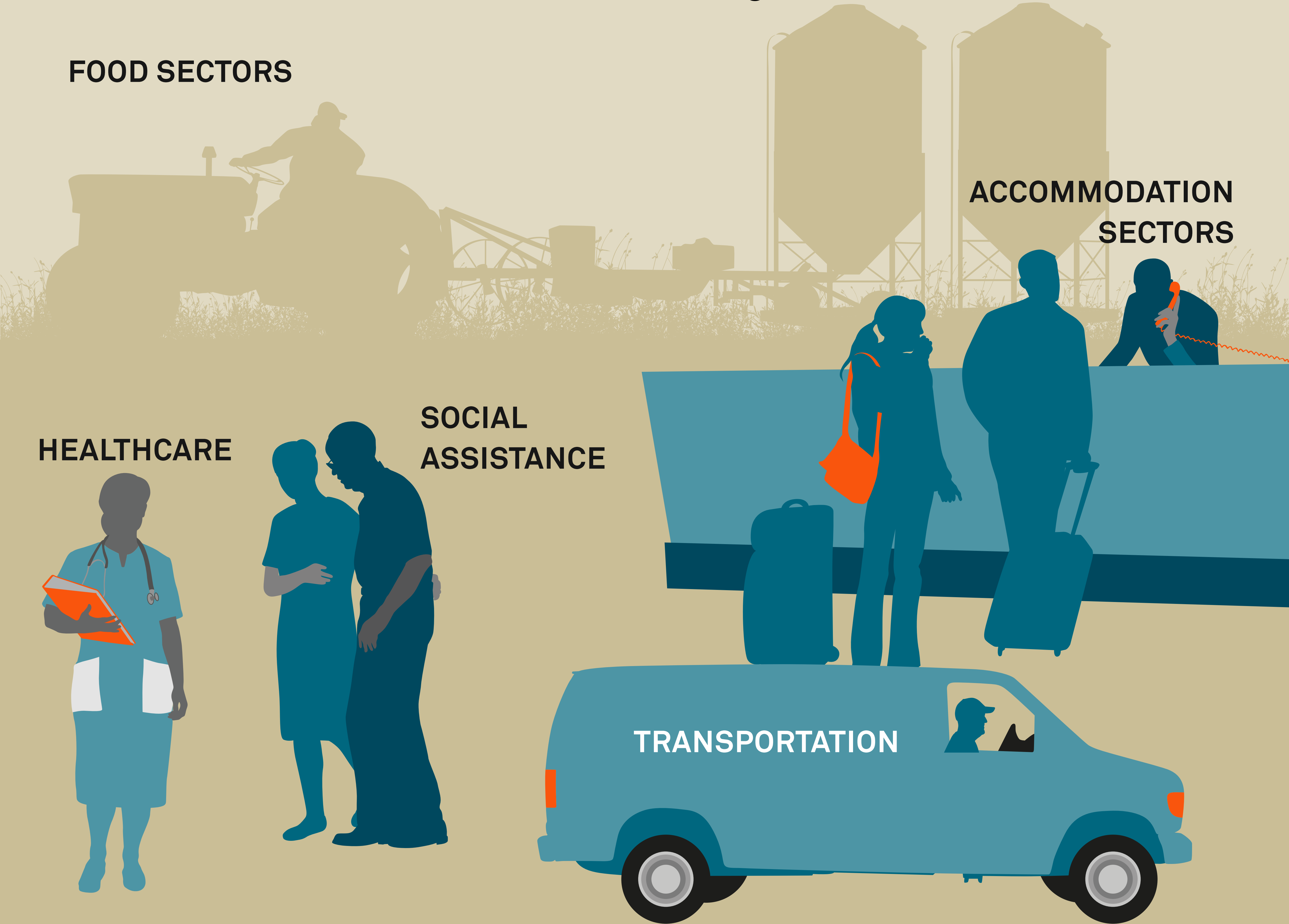
Source: Economic Policy Institute. The productivity-pay gap. October 2022.

YEAR-OVER-YEAR WAGE GROWTH NOVEMBER 2022



Source: TradingEconomics.com. As of November 2022.

Where are the jobs?



Source: US Chamber of Commerce. Understanding America's labor shortage: The most impacted industries. January 19, 2023.

The struggles between wages and inflation

High wage inflation reflects high price inflation and tight labor markets. Some increase in real wages – wages adjusted for inflation – is warranted in a number of countries, partly because the demand for workers is outstripping their supply, but also because real wages have risen slowly for a number of years. Real wages usually rise in line with productivity but, if they fall behind, as they have in many countries over the past decade, the share of the economy devoted to wages falls. That should probably correct itself over time – the shares of national income going to wages and profits tends to be stable over long periods of time. The tricky task for central banks will be to allow some increase in real wages, while simultaneously bringing inflation back to target.

Shamik Dhar, chief economist, BNY Mellon Investment Management

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