

## Wages steal the spotlight

By Mark Hamrick

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The unemployment rate may play second fiddle when the Labor Department releases the March jobs report this week. Given the [5.5 percent unemployment rate for February](#), there's a feeling that better pay raises ought to be arriving soon. But we're still waiting.

Unless the numbers reveal something shocking, wage gains -- or the lack of them -- may steal the show. Stay tuned.

Here's what else is on tap this week:

### Monday

- The Commerce Department reports on personal income and spending for February.

### Tuesday

- The Conference Board releases the March consumer confidence index.

### Wednesday

- The Institute for Supply Management reports on the manufacturing sector in March.
- Automakers release monthly sales figures.

### Thursday

- The Labor Department releases new claims for unemployment benefits.
- The Commerce Department reports on February factory orders and the nation's trade balance.

### Friday

- The Labor Department releases the March employment report.

**Lackluster wage gains are a fact**

When will wages begin to rise more substantially? That's the big question.

Within the jobs report, the government updates average hourly earnings. In the February report, they were up 3 cents to \$24.78, and up 2 percent over the past year. Not much, huh? If things work as they are "supposed" to, wages should rise more substantially as the job market tightens.

"I don't think the laws of supply and demand in the labor market have been repealed," says Neil Dutta, head of economic research for Renaissance Macro Research.

But they also haven't been fully in evidence, either. True, employment costs have been rising, but those reflect benefit expenses, including health care costs. That's not money workers can save or spend on groceries, college or retirement. Of course, the money is very real to employers who have to pay these expenses.

### **What's holding paychecks back?**

Some slack has been wrung out of the job market during the recovery. But the number of people working part-time who'd like full-time work is reported at 6.6 million Americans. Those unemployed six months or longer was also little changed in February, at 2.7 million.

"Although the number of unemployed-workers-to-available-jobs has fallen dramatically, the number of workers without jobs remains too high for the number of available jobs," says Seth Harris, former deputy and acting U.S. secretary of labor. He also cites technological development, globalization and "workers' lack of bargaining power to force employers to share the proceeds of economic growth and rising productivity."

### **A cloudy outlook**

Many economists believe progress should be forthcoming on wages if the job market continues to heal. William Poole, former president of the Federal Reserve Bank of St. Louis, says he "will have to wait and see" on that issue.

Poole, a senior fellow at the Cato Institute, notes "anecdotal reports of entry-level wage increases by Wal-Mart and others, but whether those will translate into increases in real wages depends on what happens to inflation."

University of Maryland professor Peter Morici sees no reason for immediate optimism. "Income gains are not likely to pick up appreciably," says Morici, with Maryland's Robert H. Smith School of Business.

### **'Polar Vortex 2.0' for jobs?**

Weather was the "whipping boy" when it came to an underperforming economy a year ago. As the current quarter comes to an end this week, there will be diminished expectations for gross domestic product (again) compared to previous forecasts.

"Clearly some of the growth numbers in this quarter have been weak," Dutta says, including durable goods, new home sales and some construction data.

But has the weather had a significant impact on the job market? "Certainly not," says Dutta.

### **No holiday for jobs data**

The jobs report will be released on Good Friday, a holiday for U.S. markets. So, investors will have to wait until after the weekend to get their business done in reaction.

### **This week in business history: 'Jeopardy!'**

On March 30, 1964, the TV game show "Jeopardy!" premieres on NBC.

The original host of the program, created by Merv Griffin, was Art Fleming. The announcer was Don Pardo.

The current host of "Jeopardy!" has been Alex Trebek, since 1984. The show has won scores of Emmy Awards and has spawned versions in other languages all over the world.