Summary

- **INFLATION**
  Inflation is declining overall, as well as in the high-inflation categories of food and housing. Households headed by young people are experiencing inflation that is nearly 0.5 percentage point above the national average.

- **EARNINGS**
  Real earnings in April and May 2023 increased at the fastest rate since May 2020, except for Hispanic and younger workers whose earnings remained stable.

- **EMPLOYMENT**
  The employment gap between men and women is close to its lowest level since 2019 (11 percent vs. 13.3 percent in January 2019), having fallen throughout the pandemic and its aftermath.

- **CONSUMER SPENDING**
  Real spending of the young (aged 25-34) remains low relative to its post-pandemic trend in each of the retail, gas, and restaurant categories. The young had increased their consumer spending the most following the pandemic, but currently spend less than do people aged 35-44 and only slightly more than do people aged 45-54, relative to their pre-pandemic levels.
EARNINGS
Takeaways | Earnings

- Real earnings peaked during the pandemic recession and have fallen since.
- Earnings disparities (both nominal and real) are largest across education categories, with smaller but still substantial gaps across racial and ethnic categories, gender, age and geography.
- Real earnings of Black, Asian and white workers experienced a sharp increase in May 2023, while real earnings of Hispanic workers stagnated.
- The gender earnings gap declined perceptibly immediately following the pandemic recession and has remained stable since, rising slightly in May 2023.
- Veteran-nonveteran earnings gaps are now smaller than those during the pre-pandemic period, with veterans earning slightly more than comparable nonveterans on average.
- Earnings of rural workers have been falling behind earnings of urban workers, with the rural-urban gap growing from slightly above 20 percent to more than 25 percent since the pre-pandemic period.
- The college premium has risen to nearly 95 percent in May 2023, up significantly from just over 80 percent in December 2022.
Data & Methods

- We compute real earnings by deflating nominal earnings for each demographic using our estimates of demographic-specific inflation.
- Comparable nonveterans are male high school graduates reweighted by age, race, and birthplace to match veterans.
- Gaps are defined as the percentage difference in earnings between a majority group and a minority group in the labor market.
- The gender gap is defined as the percentage difference between male and female earnings.
- The racial gaps are defined as the percentage differences between earnings of white non-Hispanic workers and earnings of workers of the race or ethnicity in question.
- The college premium is defined as the percentage difference between earnings of college graduates and earnings of workers who did not graduate from college.
Real/Nominal Earnings by Race/Ethnicity

Sources: U.S. Census Bureau/BLS—Current Population Survey Microdata; authors’ calculations, three-month moving average.

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The race gap is defined here as the percent less in real earnings that the average Black/Hispanic/AAPI American earns on average compared to white Americans. For instance, a gap of 20% implies that the average Black/Hispanic/AAPI American earns 80% of the average white American.
Real/Nominal Earnings by Education

Sources: U.S. Census Bureau/BLS - Current Population Survey Microdata; authors’ calculations, three-month moving average.

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. College premium is defined here as the percent more that college graduates earn (weekly) on average compared to non-graduates. For instance, a gap of 80% implies that the average graduate earns 80% more than the average non-graduate.
Real/Nominal Earnings by Age

Sources: U.S. Census Bureau/BLS-Current Population Survey Microdata; authors’ calculations; three-month moving average.

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession.
Real/Nominal Earnings by Gender

Sources: U.S. Census Bureau/BLS—Current Population Survey Microdata; authors’ calculations; three-month moving average.

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The gender gap is defined here as the percent less that women earn on average compared to men. For instance, a gap of 20% implies that the average woman earns 80% of the average man.
Real/Nominal Earnings by Race x Gender (Women)

Sources: U.S. Census Bureau/BLS-Current Population Survey Microdata; authors’ calculations; three-month moving average.
Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The earnings gap is defined here as the percent less that a woman of each racial/ethnic group earns on average compared to white men. For instance, a gap of 40% implies that the average Black/Hispanic/AAPI/white woman earns 60% of the average white man.
Real/Nominal Earnings by Race x Gender (Men)


Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The earnings gap is defined here as the percent less that a man of each racial/ethnic group earns on average compared to white men. For instance, a gap of 20% implies that the average Black/Hispanic/AAPI man earns 80% of the average white man.
Real/Nominal Earnings by Urban Status

Sources: U.S. Census Bureau/BLS-Current Population Survey Microdata; authors’ calculations, three-month moving average.
Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The rural earnings gap is defined here as the percent less that an average rural resident earns on average relative to an urban resident. For instance, a gap of 20% implies that the average rural resident earns 80% of the average urban resident.
Real/Nominal Earnings by Veteran Status*

Sources: U.S. Census Bureau/BLS-Current Population Survey Microdata; authors’ calculations; three-month moving average.

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. *The non-veteran sample is propensity reweighted toward non-veterans with similar demographic characteristics. Shaded region indicates the COVID-19 recession. The veteran gap is defined here as the percent less that veterans earn on average compared to non-veterans. For instance, a gap of 20% implies that the average veteran earns 80% of the average non-veteran.