



Missouri Economy Indicators

Wage and Inflation Trends

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Supply chain issues and labor shortages have been cited as driving forces behind growing inflation. At the same time, rising consumer prices have sparked concern over lost purchasing power. Missouri wage data trends indicate that the average private sector wage in Missouri increased 15.3% from the first half of 2020 compared to the March-August 2023 average, while wages increased 14.7% nationally. Measured by the Consumer Price Index (CPI), inflation has increased 17.9% over the same time; seeing wage increases below the change in inflation indicates purchasing power has declined.

Leisure and Hospitality Wages Grew the Fastest, Still Low Paid

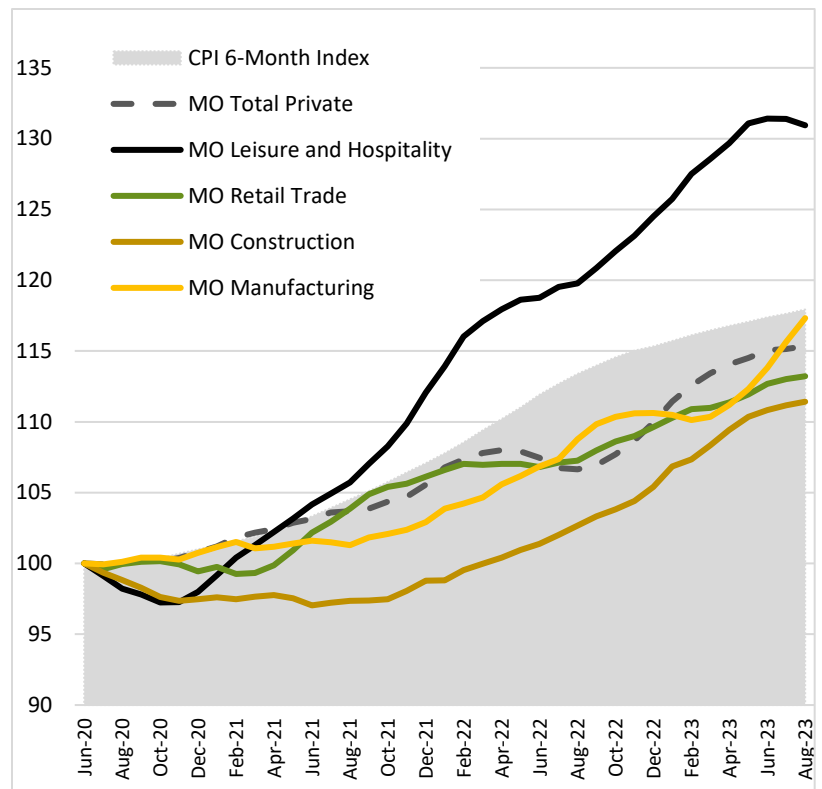
The leisure and hospitality industry and the retail trade industry have the lowest average wages in Missouri. Since 2020, average wage increases have outpaced inflation within the leisure and hospitality industry (as seen in the index to the right) but have fallen short for retail workers.

- Leisure and hospitality average wages have increased 30.9% in Missouri and 22.1% nationally. The average hourly wage for the industry in Missouri was \$19.80, compared to \$21.04 in the U.S.
- Retail trade average wages have increased 13.2% in Missouri, below the rate of inflation, and 20.5% nationally.

Note: Wages in this brief refer to gross average hourly earnings received by workers, which includes any bonus or overtime pay.

Most Industry Wage Growth Falls Short of Inflation

6-month moving average index of private sector wages by key industry



Source: MU Extension graphic using Bureau of Labor Statistics non-seasonally adjusted average hourly earnings of all workers and the Consumer Price Index.

Since 2020, labor shortages and changes in consumer demand have affected some industries more than others. In the figure above, average wages initially decreased in 2020 for both the construction and leisure and hospitality industries. Missouri leisure and hospitality industry wages started to increase in early 2021, while construction wages remained below pre-pandemic levels until 2022. Recently, wages have softened in leisure and hospitality but increased in both wholesale trade and manufacturing.

Missouri's average private wage was an estimated \$30.51/hour between March and August 2023, below the U.S. average of \$33.49. Wages for most Missouri industries did not keep pace with inflation; however,

information (telecommunications and more), wholesale trade and leisure and hospitality (restaurants and hotels) are exceptions. This data reflects private sector jobs and uses a six-month moving average.

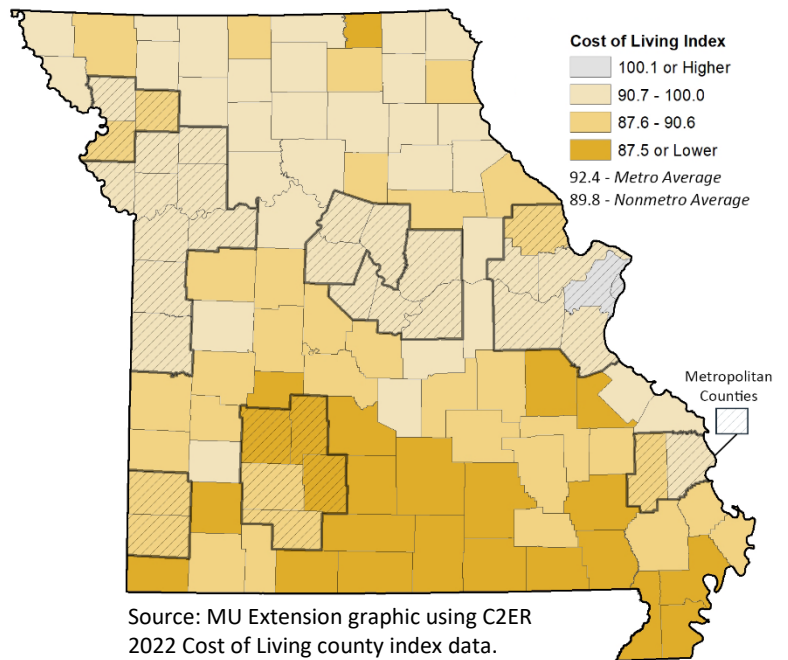
Average wages have changed at different rates across Missouri. St. Louis (\$35/hr.) and Kansas City (\$31/hr.) have the highest average wages among urban areas of the state. Since 2020, average wages have grown 18.2% in St. Louis and 7.7% in Kansas City.

A Lower Cost of Living in Missouri

Higher sustained prices raise the cost of living, but Missourians still enjoy more purchasing power than most other states. According to the Council for Community and Economic Research (C2ER), the cost of living for residents was around 90% of the national average in 2022, meaning that Missourians generally pay 10% less than the average American for goods and services.

Metropolitan areas tend to have higher living costs and higher salaries than nonmetropolitan areas. However, Missouri's metro counties have a relatively low cost of living (92.4%), when compared to other metro counties in the U.S. (102.3%). Missouri's nonmetro counties also have a cost of living that is lower than the average for similar counties in the U.S. (89.8% compared to 98.6%). Missouri's southern counties are particularly affordable places to live, which is advantageous for residents and businesses. The lower cost of living can also attract retirees when a community couples affordability with other amenities like outdoor recreation, healthcare and high-speed internet.

Missouri County 2022 Cost of Living Index



Additional Resources

- The Federal Reserve Bank of Kansas City has published an analysis on high [national food service inflation](#), which reflects strong consumer demand, on-going labor shortages and rising labor costs.
- [Cost of living](#) estimates, published by C2ER, provide state, metro and county data to reflect the prices consumers pay for items such as food, housing, utilities, etc. The organization has been publishing city-level estimates since 1968, and more recently added state and county figures. The estimates serve as useful guides in comparing the cost of living around the U.S.

All Missouri Economy Indicators briefs in this series are available at <http://muext.us/MissouriEconomyIndicators>

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