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Arizona Jobs and Labor Force Update

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Introduction

Arizona added 2,400 non-farm jobs on a seasonally adjusted basis in June (+0.07%), ranking 22nd among all states and Washington D.C. The U.S. gained 57,000 jobs in June (+0.04%). While job growth at the U.S. level remains positive (+0.04%), June marks the third consecutive month of month-over-month (MOM) deceleration in job gains, down from +0.14% in March. In total, 17 states reported job losses MOM in June.

On a year-over-year (YOY) basis, Arizona added 23,600 jobs (+0.72%) and ranked 15th *best* out of all states and Washington D.C. This statewide growth exceeded the national gain of +0.32% YOY in June. In total, 13 states reported job losses YOY in June.

Arizona's manufacturing sector lost an estimated 1,000 jobs in June (-0.52%) which put the state near the bottom in MOM growth for this sector (Arizona ranked 47th). On a YOY basis the state lost 1,800 manufacturing jobs (-0.93%) – one of 35 states reporting losses to this sector since June 2025 and ranking 31st overall. The U.S., however, saw only a slight increase in manufacturing employment in June (+3,000 jobs, +0.02%). Compared to June 2025, the country has 38,000 less manufacturing jobs today (-0.30%).

Arizona's Labor Market June 2026

Total Jobs
3,283,200

Jobs Added in June:
2,400
(+0.07%)

Year-Over-Year Growth:
23,600
(+0.72%)

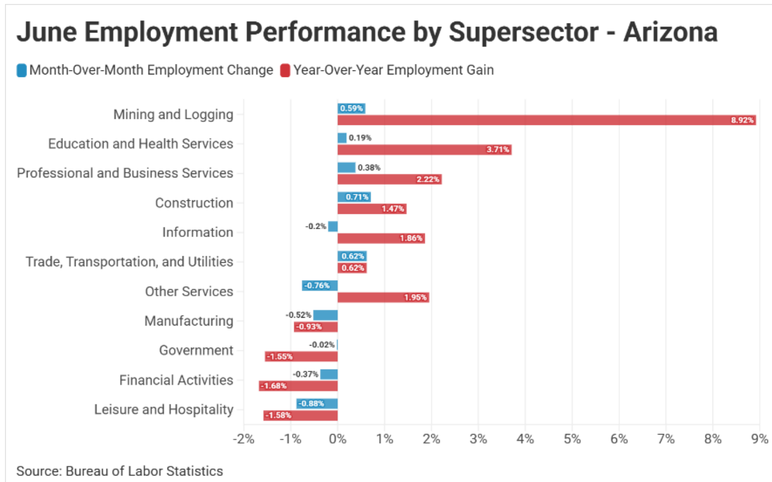
The unemployment rate in Arizona increased for the second consecutive month, reaching a new post-pandemic high of 4.9%. The unemployment rate in the state has increased for 5 out of the 6 months for which we have data in 2026. Today, Arizona has the 10th *highest* unemployment rate among the 50 states and D.C. Arizona's labor force participation rate (60.3%) saw its fifth consecutive month of decline and is 1.8 percentage points below where it was at this time last year. The unemployment rate for the United States overall, however, fell for the first time since January, down to 4.2%.

Key Findings – Arizona May 2026 Employment Data (BLS CES Survey)[i]

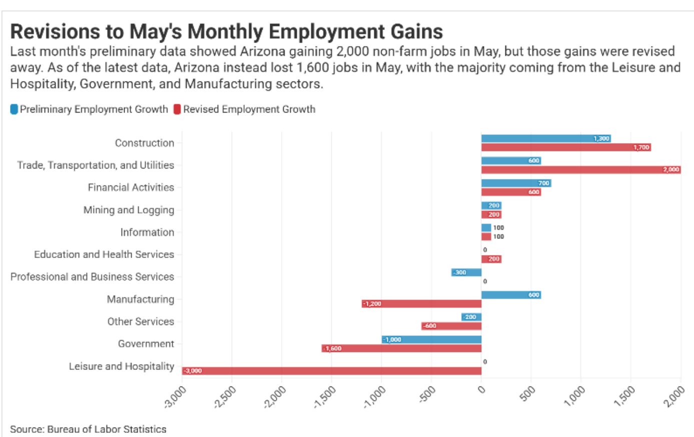
The most recent jobs data paints a concerning picture for Arizona's labor market. The unemployment rate has risen steadily since early 2024, and labor force participation just hit its lowest point since the pandemic (60.3%). At the same time, employment growth continues to soften. May's initially reported gain of +0.06% was revised down to a loss of -0.05%, following six consecutive months of positive growth. However, the broader context makes it unclear that Arizona is headed toward a significant economic downturn.

An unemployment rate of 4.9% is not particularly high from a historical perspective. In the three years prior to the pandemic, the unemployment rate ranged from 4.7% to 5.0% – a period when Arizona's non-farm employment was growing at its fastest rate since before the Great Recession. In this context, our current unemployment rate is not immediately alarming by itself. Furthermore, the number of insured unemployed persons – those not working and receiving unemployment benefits in the state – has remained relatively flat, and itself is well within the 2017-2019 range.

The large revisions to Arizona's employment level for May is yet another example of the higher volatility underlying many economic data series in recent years, particularly after the COVID pandemic. The 3,600 net revision to employment for May was one of the largest revisions out of all 50 states and Washington D.C., both in nominal and percentage terms. In total 31 states including Arizona saw their May employment growth revised lower. These revisions continue to stress the point that monthly data should be interpreted with caution, and that analysis of longer-run trends in the data should be preferred.



Arizona's mining sector continued to post strong employment growth in June, adding 100 jobs over May (+0.59%) and 1,400 over June 2025 (+8.92%). This is a comparatively small sector that has shown consistent growth over the last several years as demand from EV production, AI, and data centers have driven up demand for copper. Today, the state's mining sector employs 47% more workers than it did in December 2020 when employment in the sector bottomed out at 11,700 jobs. Education and Health services – one of the state's largest employers – continued its relatively strong performance YOY (+3.71%), outpacing national growth by over a percentage point. The state's largest super sector by job count (Trade, Transportation, and Utilities) added 3,900 jobs in June (+0.62%).



As alluded to above, these figures are subject to change next month as the BLS revises its previous employment estimates. Manufacturing and hospitality were among the most affected sectors from the May revision. Manufacturing initially reported a gain of 600 jobs, now revised to a loss of 1,200. Leisure and hospitality saw an even sharper correction – from zero net job creation to a loss of 3,000 jobs.

Wages

Arizona wages rose slightly in June, as average hourly earnings (not seasonally adjusted) grew by $0.06 (+0.17%, 10th out of all states and D.C.). On a YOY basis, wages increased $1.10 (+3.2%), ranking 18th out of all states and Washington D.C.

Because state-level wage data is not seasonally adjusted by the BLS, seasonal variation can lead to significant volatility in the monthly figures. For context, the seasonally adjusted U.S. hourly wage increased +$0.13 in June (+0.35% MOM). Compared to this time last year, American wages are growing at a rate of 3.52%.

- Arizona private sector workers are now earning an average of $35.79/hour, compared to $34.69/hour a year ago (+3.17%).
- Nationally, the average worker earned $37.64/hour in June (+3.52% YOY)

As of the latest inflation and wage data for June, real wages are up approximately 0.2% year-over-year in the state (June 2025 to June 2026), while real wage growth has grown by only half of that rate at the national level. Still, on an inflation-adjusted basis the state remains below the all-time-high hourly wage rates achieved in April 2020, during the pandemic disruptions.

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[i] "Employment, Hours, and Earnings – State and Metro Area," *U.S. Bureau of Labor Statistics*, 2026.