A SEARCH AND MATCHING APPROACH TO LABOR MARKETS
DID THE NATURAL RATE OF UNEMPLOYMENT RISE?

JOURNAL OF ECONOMIC PERSPECTIVES, 26(3), SUMMER 2012, 3-26
UPDATED RESULTS THAT COVER DATA THROUGH AUGUST 7TH 2012.

Disclaimer: The views expressed in this presentation are those of the authors and do not necessarily reflect those of the Federal Reserve Bank of San Francisco, Federal Reserve Bank of New York, or the Federal Reserve System as a whole.
Actual and fitted Beveridge Curve
Monthly observations; pre-2007-recession fit

Source: JOLTS, CPS, and authors' calculations
Estimate of shifted BC since 2010

Fitted and "New" Beveridge Curve
Pre-2007-recession fit; Shift based on last 12-months

Source: JOLTS, CPS, and authors' calculations. New Beveridge curve estimate based on shift in match efficiency over last 12 months.
Historical Shifts in the Beveridge Curve

Historical Beveridge Curve
Seasonally adjusted; quarterly observations; merged HWI and JOLTS

Source: BLS, Conference Board, Barnichon (2010) and authors’ calculations

Unemployment rate
Vacancy rate

1950s
1960s
1970s
1980s
1990s
2000s

Unemployment rate

Source: BLS, Conference Board, Barnichon (2010) and authors’ calculations

Daly, Hobijn, Sahin, Valletta
Updated results 08/07/2012
Historical Job Creation Curve

Seasonally adjusted; quarterly data; regression based on pre-2008 data

Regression: Vacancy rate = -2.7 + 1.2 * Natural rate of unemployment, R-squared = 0.34

Source: JOLTS, BLS, CBO, and authors' calculations
Estimated JCC and BC

Source: JOLTS, CPS, CBO, and authors' calculations
Okun’s Law

Based on CBO potential output and NAIRU estimates (1949Q1-now) Unemployment gap

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Congressional Budget Office, Authors’ calculations

2007 Recession and after
Industry Mismatch

Dispersion Across 15 Major Industries

Weighted standard deviation of 12-month employment growth (through July 2012)

Source: Bureau of Labor Statistics and FRBSF

Updated results 08/07/2012