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THE LABOR MARKET IN THE GREAT RECESSION: AN UPDATE

Disclaimer: The views expressed in this presentation are those of the authors and do not necessarily reflect those of the Federal Reserve Bank of New York, the Federal Reserve Bank of San Francisco, or the Federal Reserve System as a whole.

These slides cover data through September 16, 2011.

Change in unemployment rates by group

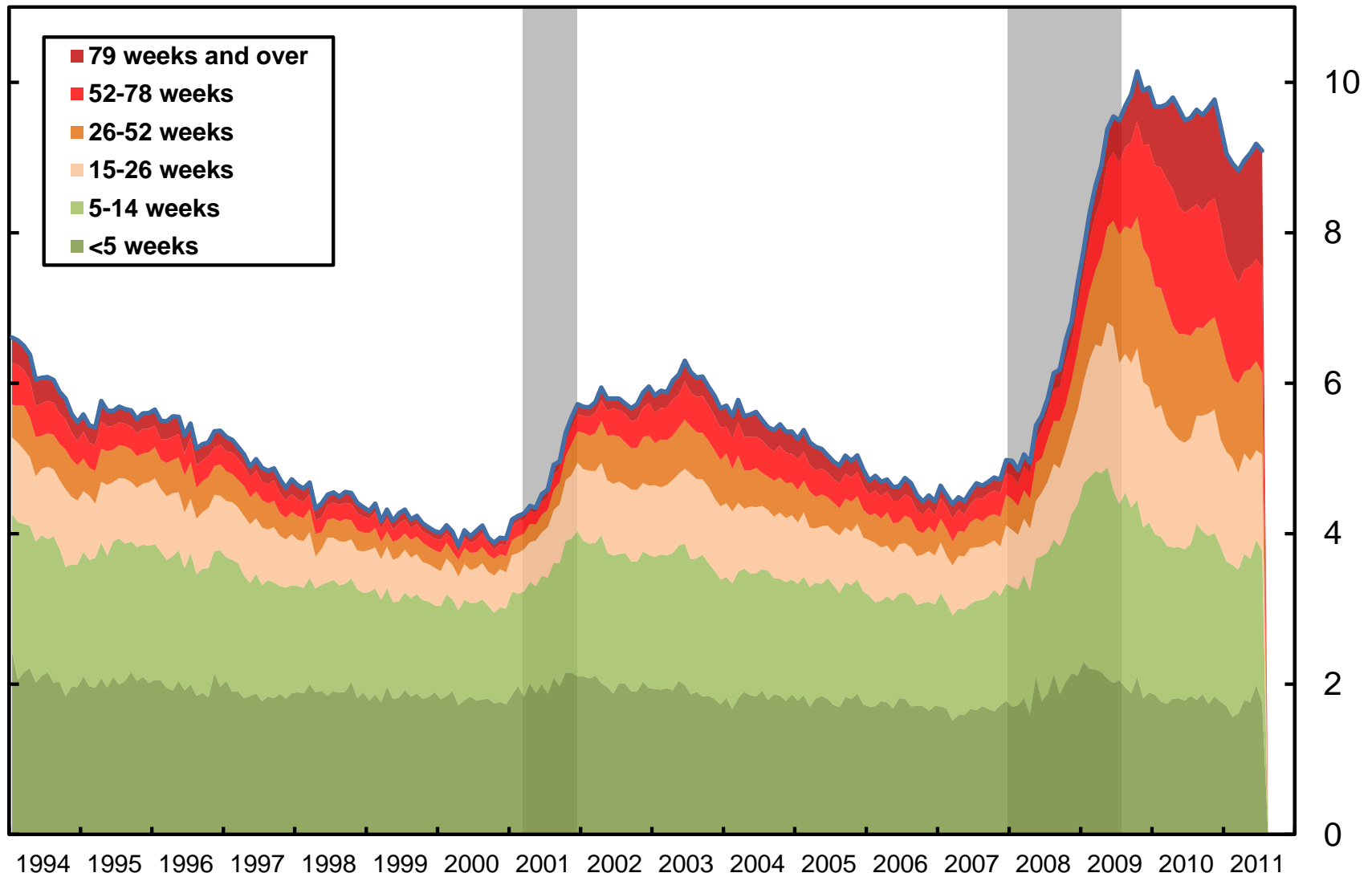
	Recession	Recovery
Change in Unemployment Rate	5.5	-0.9
Gender		
Male	6.5	-1.6
Female	4.3	-0.2
Age		
16-24	8.8	-1.6
25-54	5.4	-0.9
55+	4.0	-0.3
Education		
Less than High School	8.3	-0.6
High School	6.5	-1.0
Some College	5.3	-0.9
College or Higher	2.9	-0.4
Race		
White	5.2	-1.1
Black	7.5	0.3
Hispanic	7.2	-1.1

Note: Recession refers to 2007Q2 through 2009Q4 and recovery to 2009Q4 through 2011Q2

Unemployment rate by duration

Seasonally adjusted monthly observations

Percent

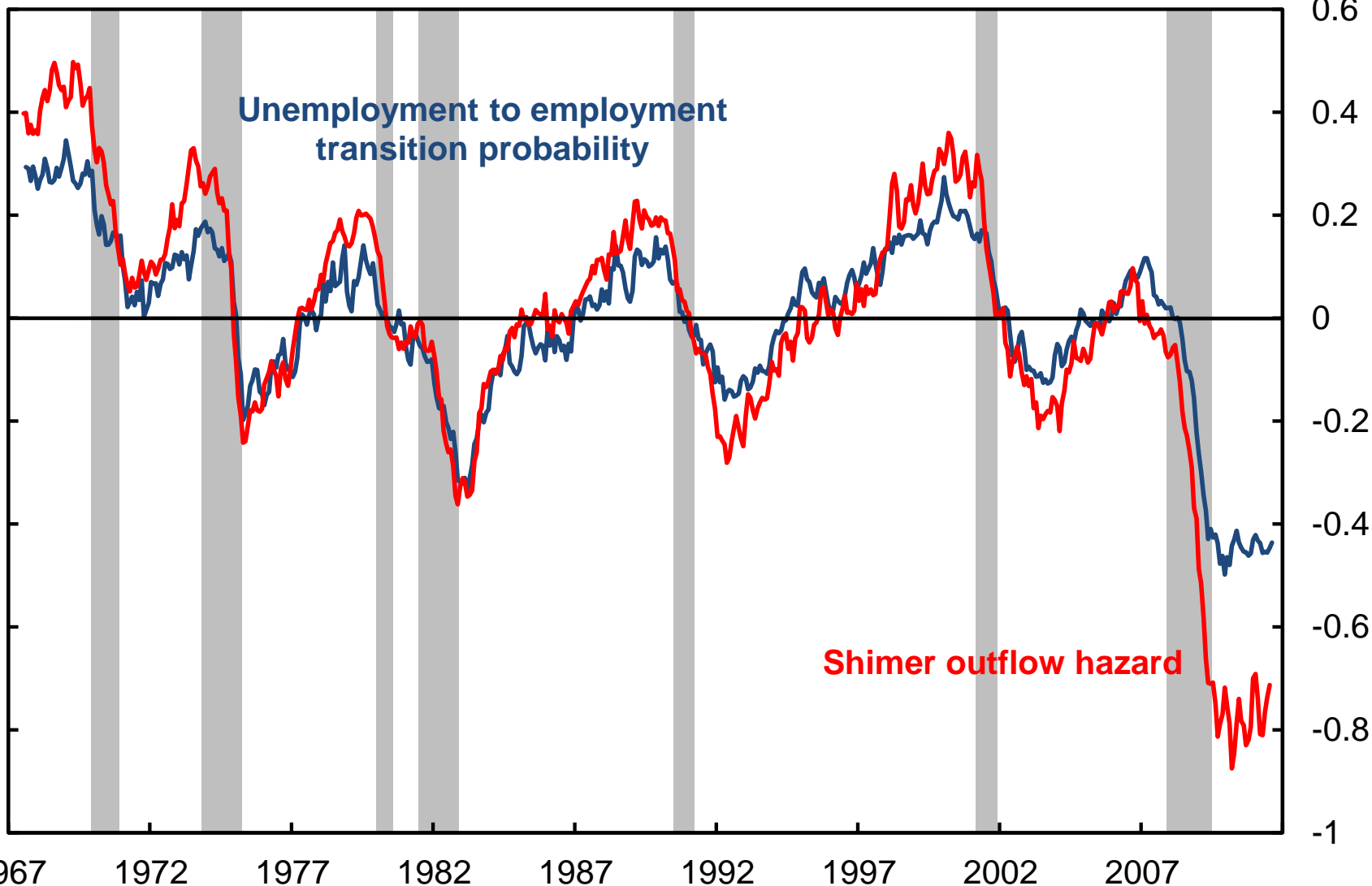


Source: Bureau of Labor Statistics, Current Population Survey, and authors' calculations

Outflow rate versus Job-Finding probability

Monthly observations; 3-month MA; log deviation from mean

log deviation

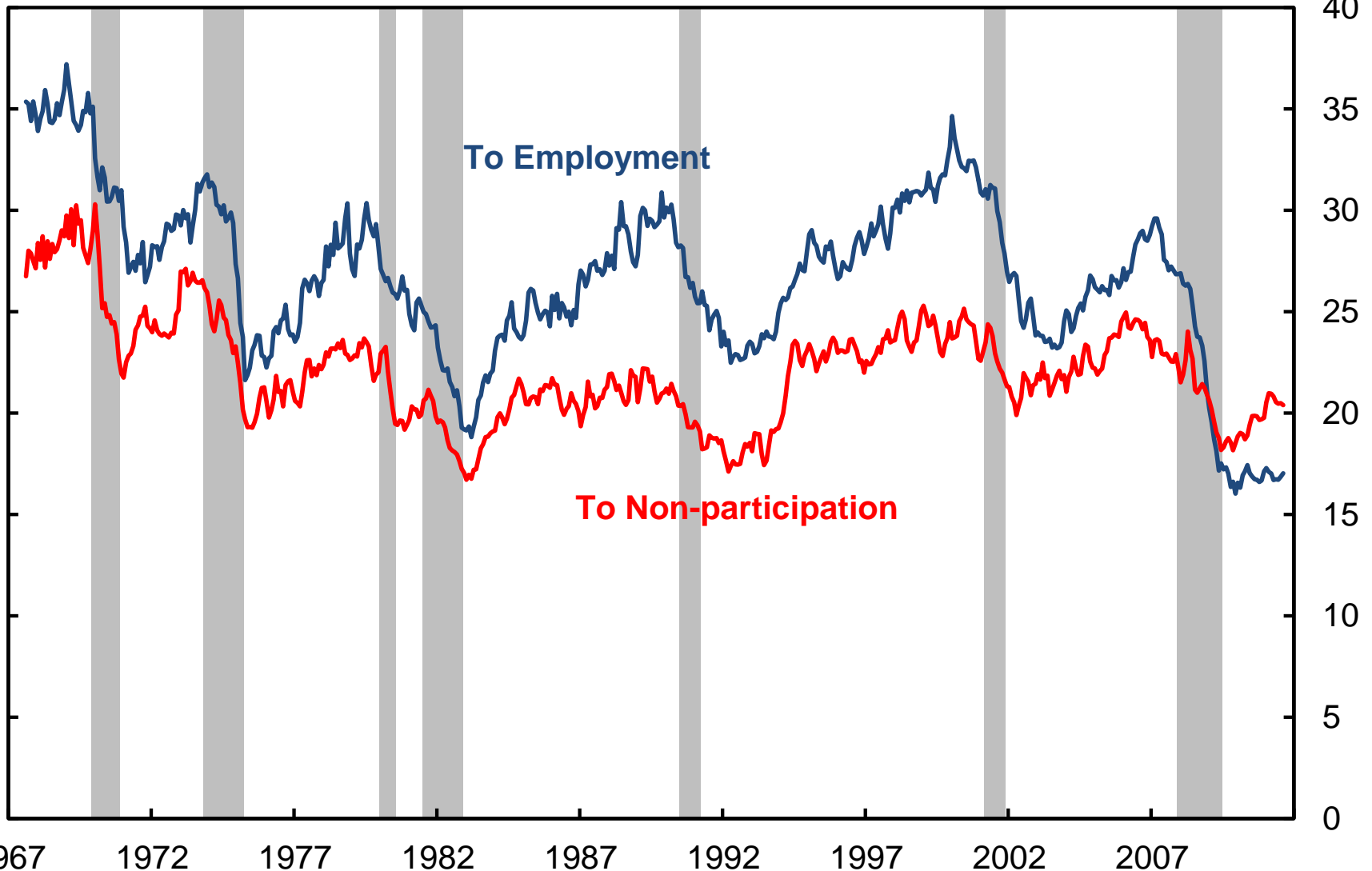


Source: Shimer (2007), based on Ritter data provided by Hoyt Bleakley, Bureau of Labor Statistics, authors' calculations

Outflow rates out of unemployment by destination

Seasonally adjusted; 3-month moving average

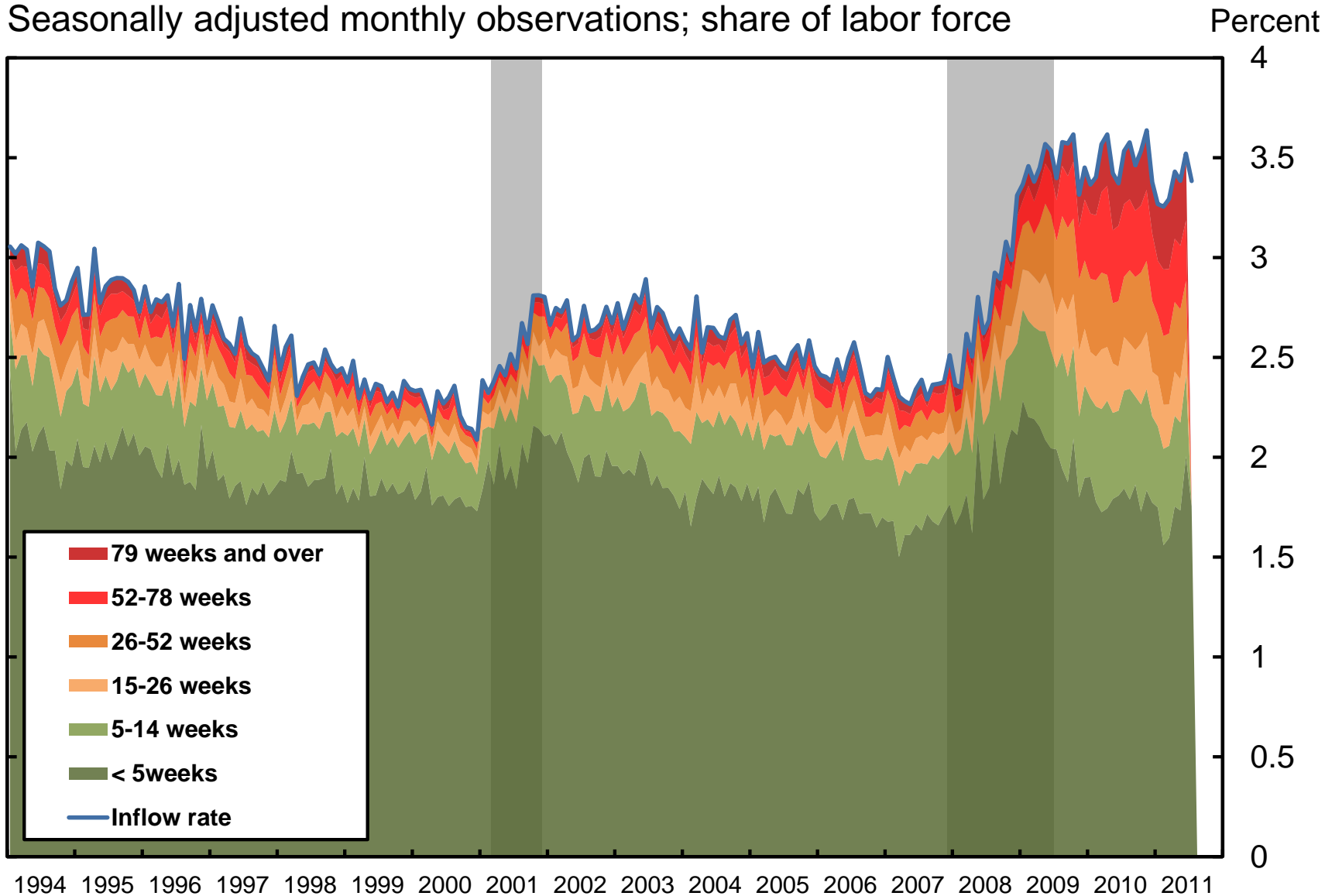
Percent of unemployed



Source: Shimer (2007), based on Ritter data provided by Hoyt Bleakley, Bureau of Labor Statistics, authors' calculations

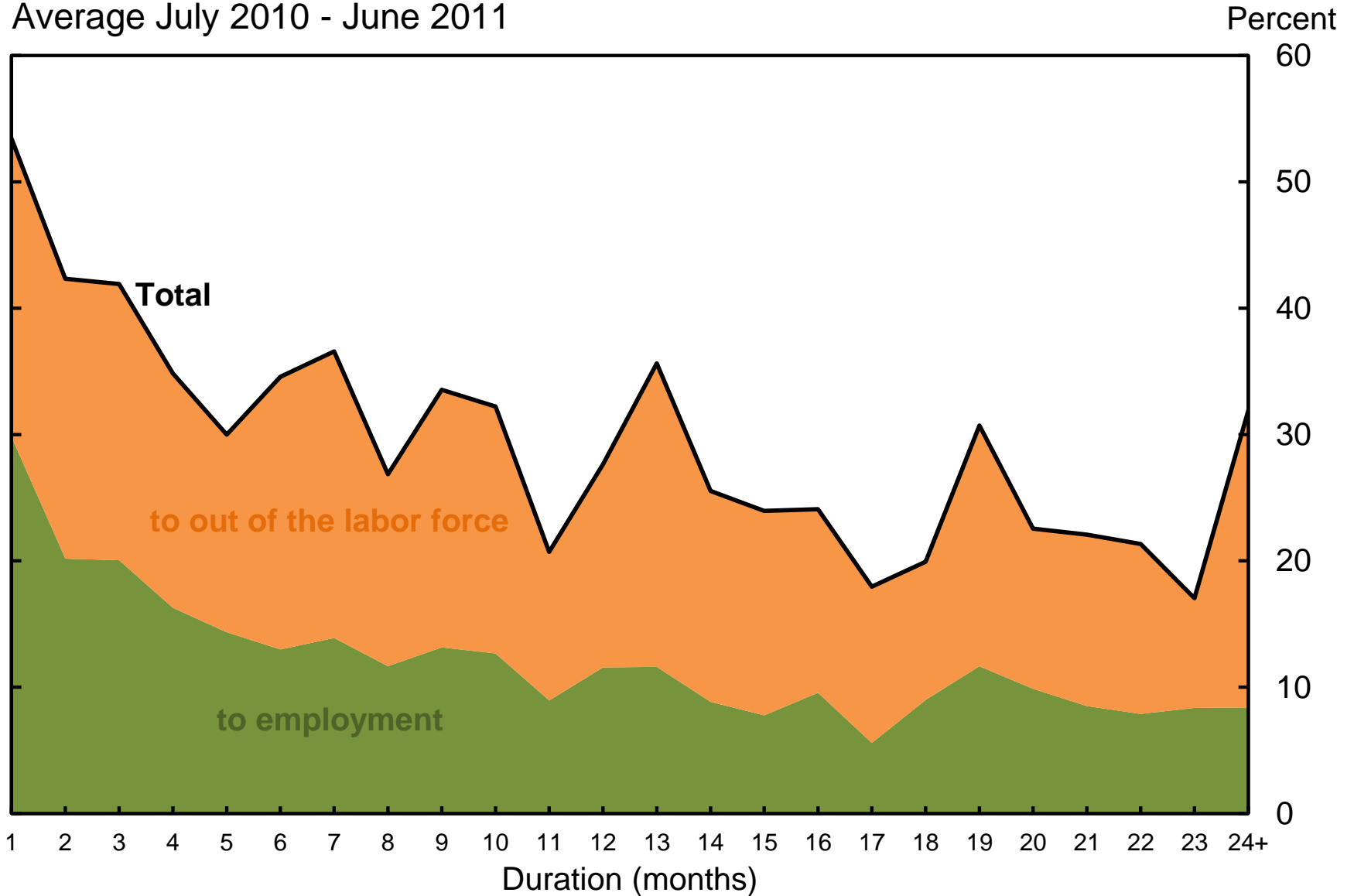
Unemployment inflow rates by duration

Seasonally adjusted monthly observations; share of labor force



Monthly outflow rates out of unemployment

Average July 2010 - June 2011



Source: Current Population Survey and authors' calculations

Path of unemployment under three scenarios

	2010-2011	Expansion	Counterfactual
	Unemployment rate		
2013Q4	9.4	5.3	6.3
2014Q4	9.5	5.2	6.1
2015Q4	9.5	5.1	6.0
Long-run	9.5	5.0	5.9
	Long-term unemployment rate		
2013Q4	4.4	1.4	2.4
2014Q4	4.4	1.2	2.2
2015Q4	4.4	1.2	2.1
Long-run	4.4	1.1	1.9

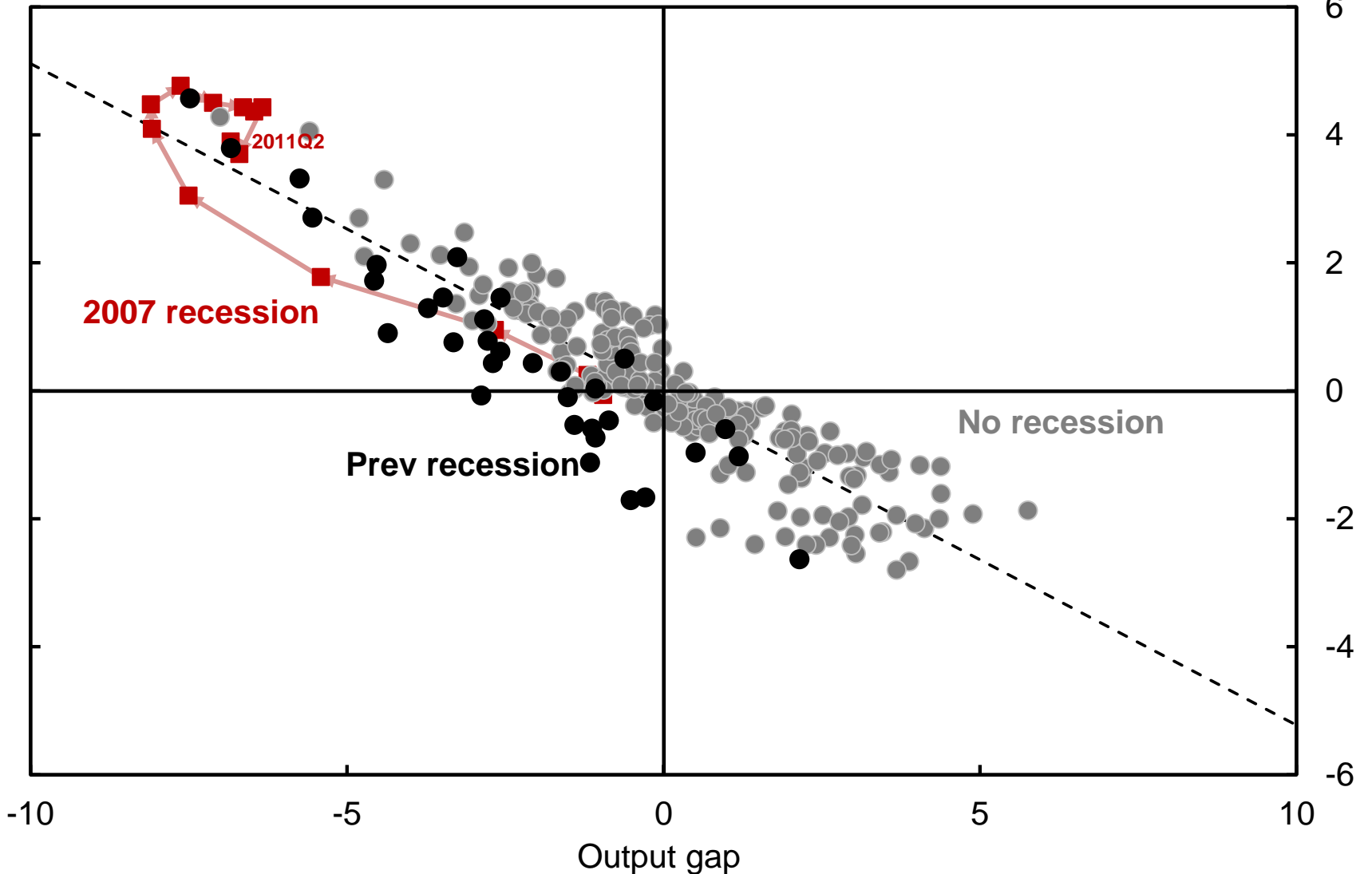
Figures from

ONLINE APPENDIX

Okun's Law

Based on CBO potential output and Nairu (1949-now)

Unemployment gap



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Congressional Budget Office

Beveridge Curve

HP-filtered log-levels of unemployment rate and vacancies

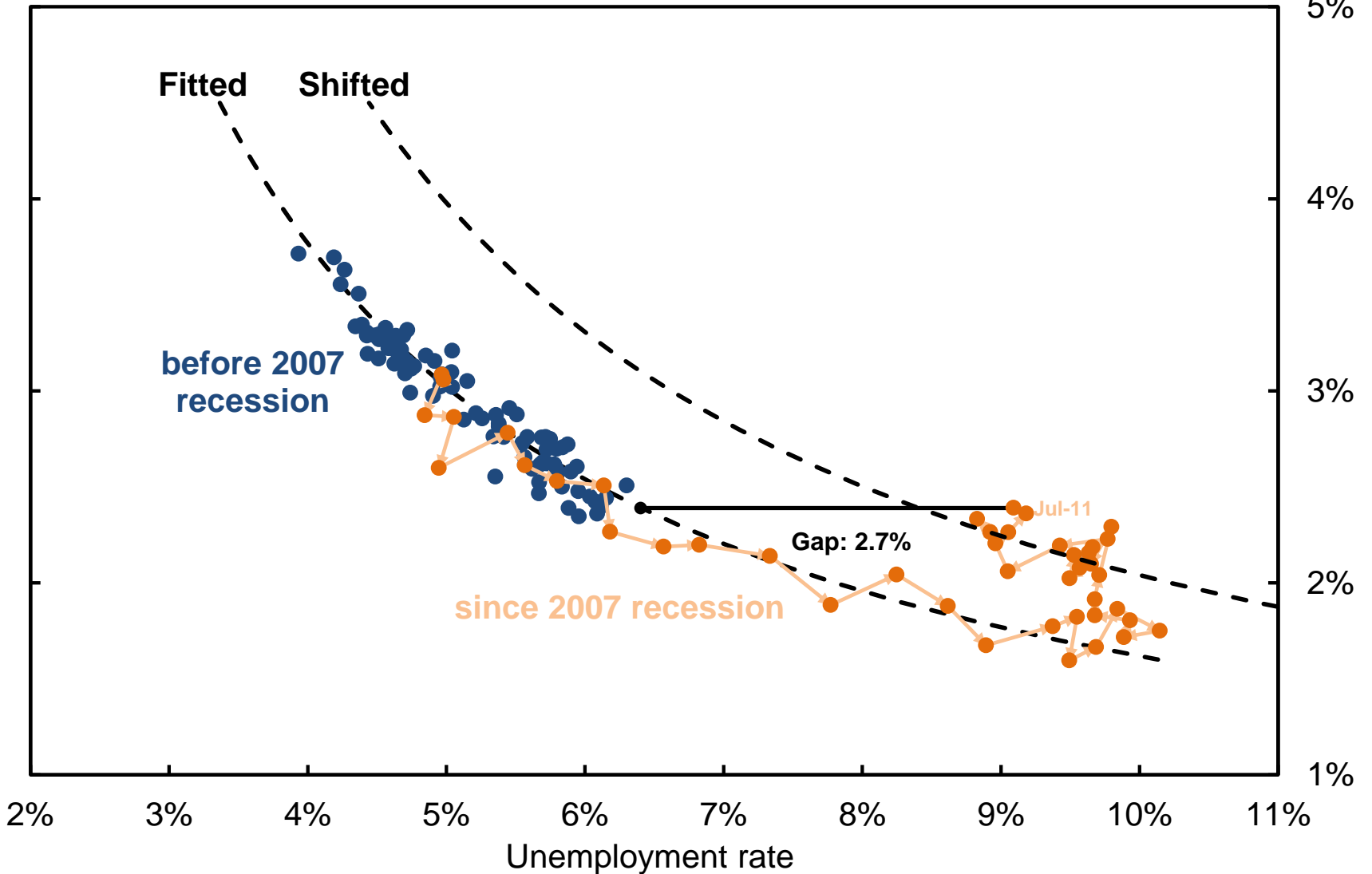


Source: Bureau of Labor Statistics, Barnichon (2009), and authors' calculations

Actual, fitted, and shifted Beveridge Curves

Monthly observations; pre-2007-recession fit

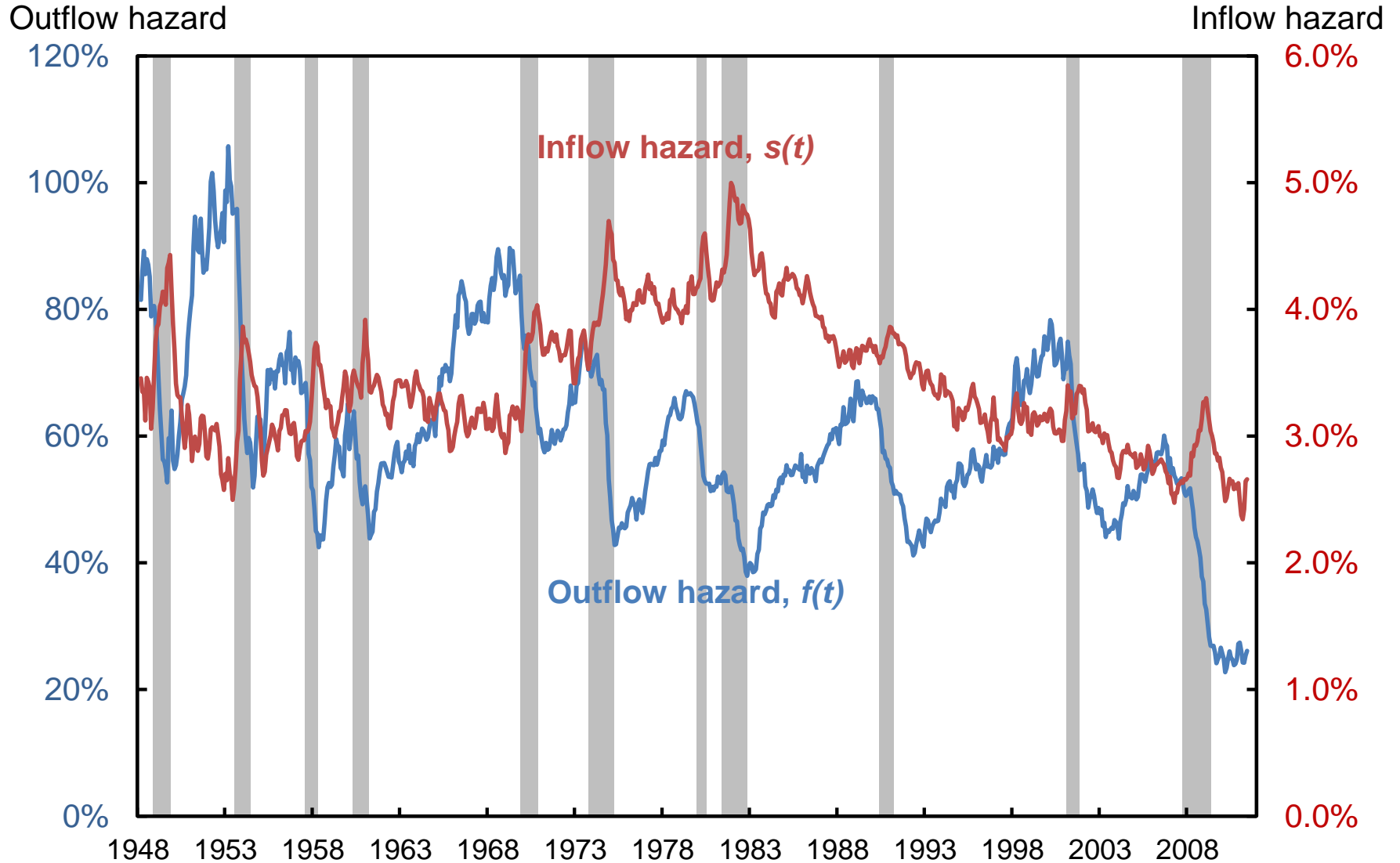
Job openings rate



Source: JOLTS, CPS, fit and shift based on methodology in Barnichon, Elsby, Hobijn, Sahin (2011)

Flow hazard rates into and out of unemployment

Monthly hazard based on Shimer (2005); 3-month moving averages

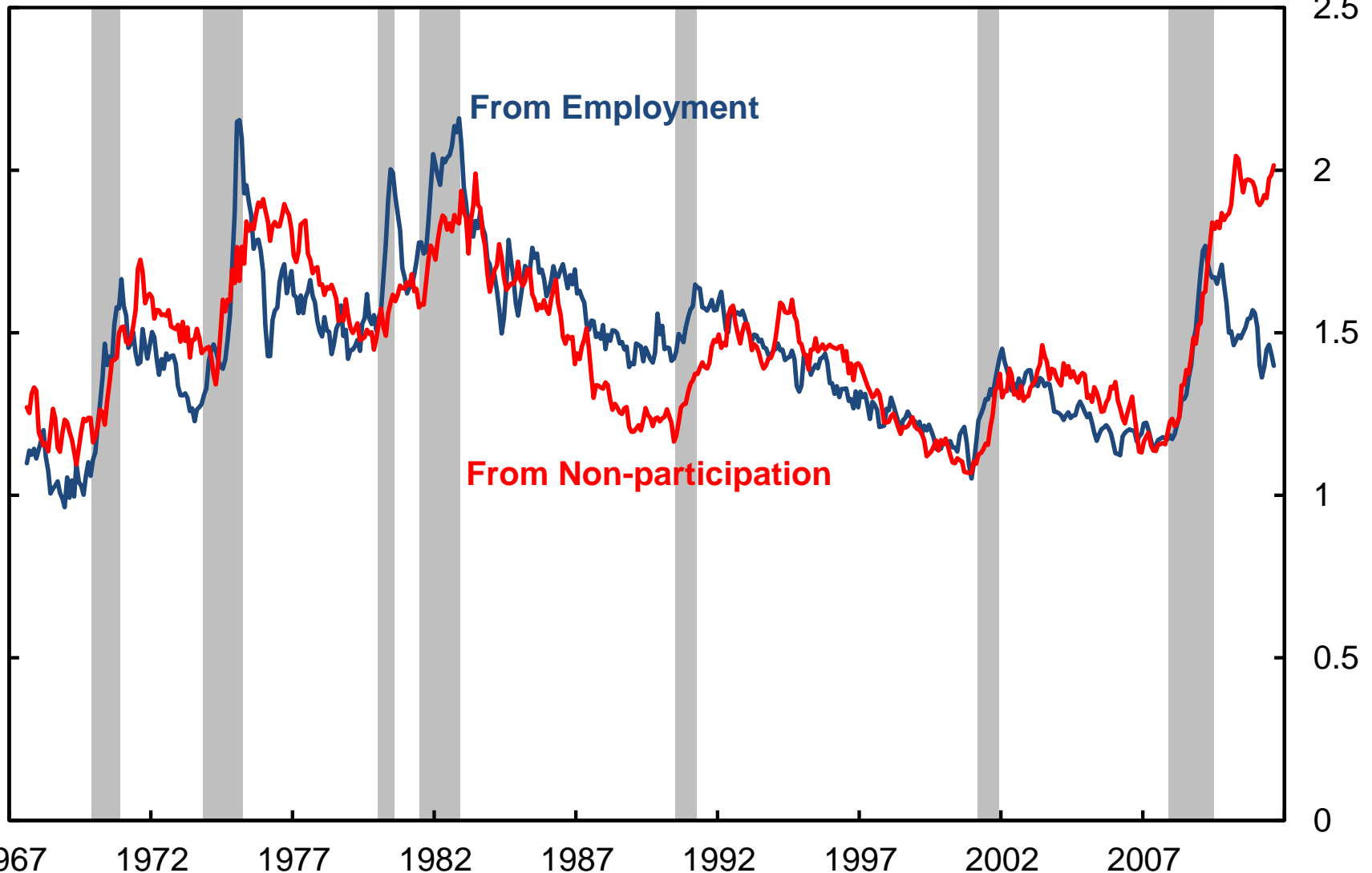


Source: Bureau of Labor Statistics and authors' calculations

Inflow rates into unemployment by origin

Seasonally adjusted; 3-month moving average

Percent of labor force



Source: Shimer (2007), based on Ritter data provided by Hoyt Bleakley, Bureau of Labor Statistics, authors' calculations