



# Recent Economic Developments and an Outlook for the Labor Market

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Nicolas Petrosky-Nadeau  
Vice President, Macroeconomic Research

These views are those of the authors and do not necessarily reflect the views of the Federal Reserve System.

Slides cover data available through June 21, 2024

# Inflation on track to price stability

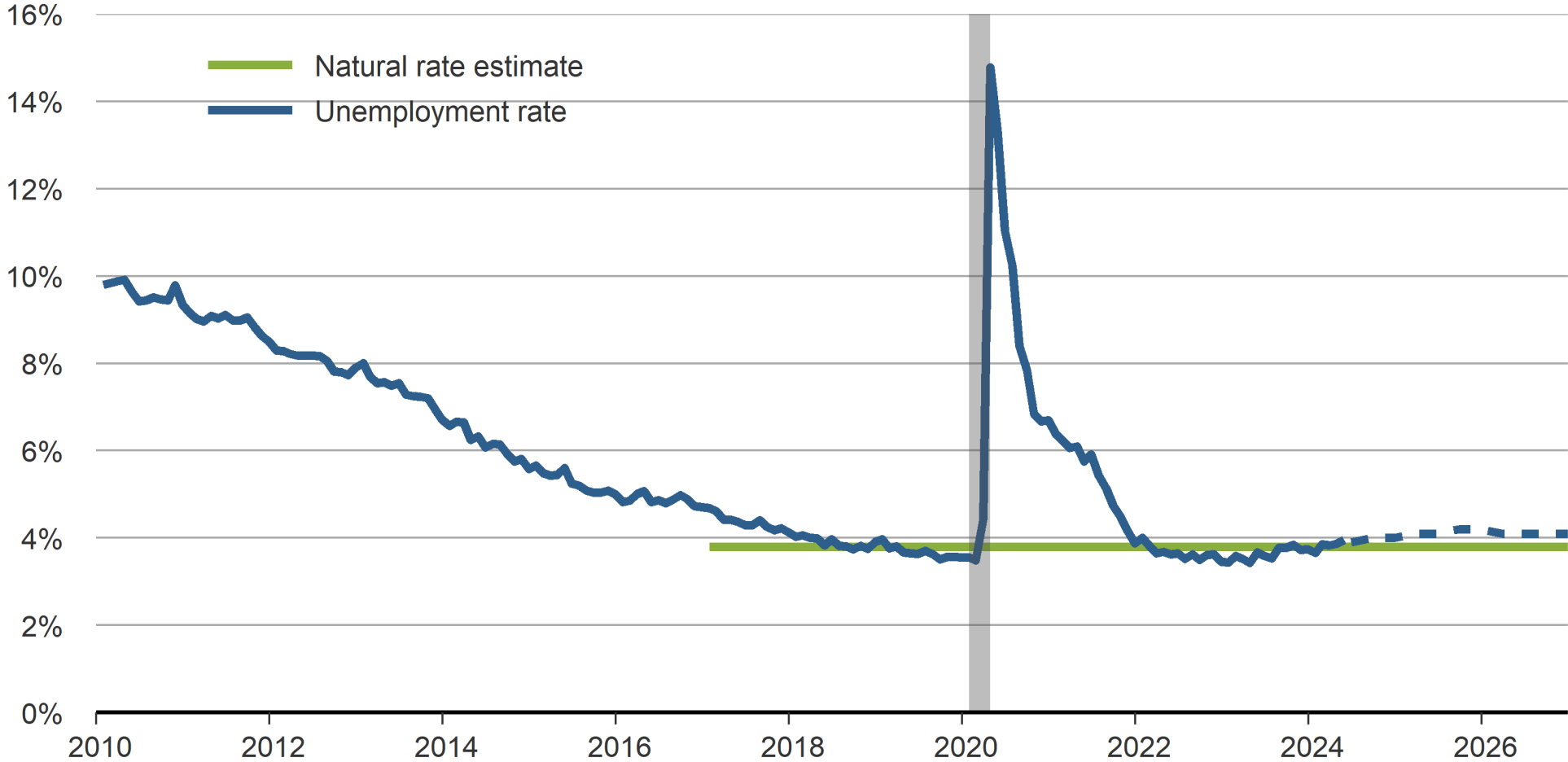
## Personal consumption expenditures (PCE) price inflation



Note: 12-month percent change, seasonally adjusted  
Source: Bureau of Economic Analysis and FRBSF staff

# Unemployment remains low

## Unemployment rate

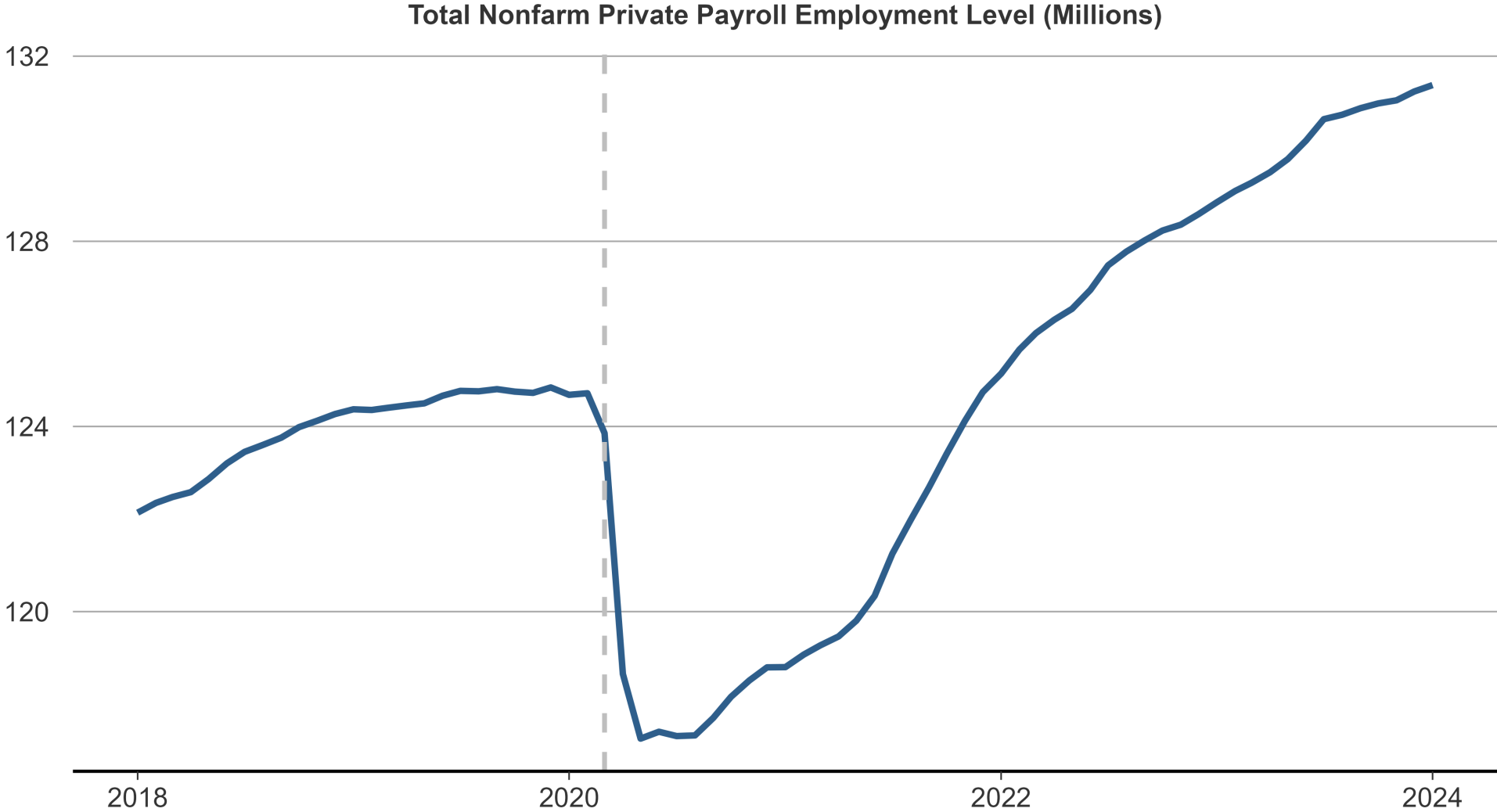


Note: Dashed line represents the FRBSF forecast.  
Source: Bureau of Labor Statistics and FRBSF staff

# Taking stock

- Remarkable economic recovery following unprecedented job loss
  - Some lessons from expanded UI payments
- Transitory and (potentially) lasting impacts of the pandemic
  - Parental participation during lock downs and re-opening
  - Increased retirement rates persist beyond a normalizing of the economy
- Where does the labor market go from here?
  - Above trend job growth: Recent immigration and labor force growth
  - Are we at the end of a soft-landing along the Beveridge Curve?

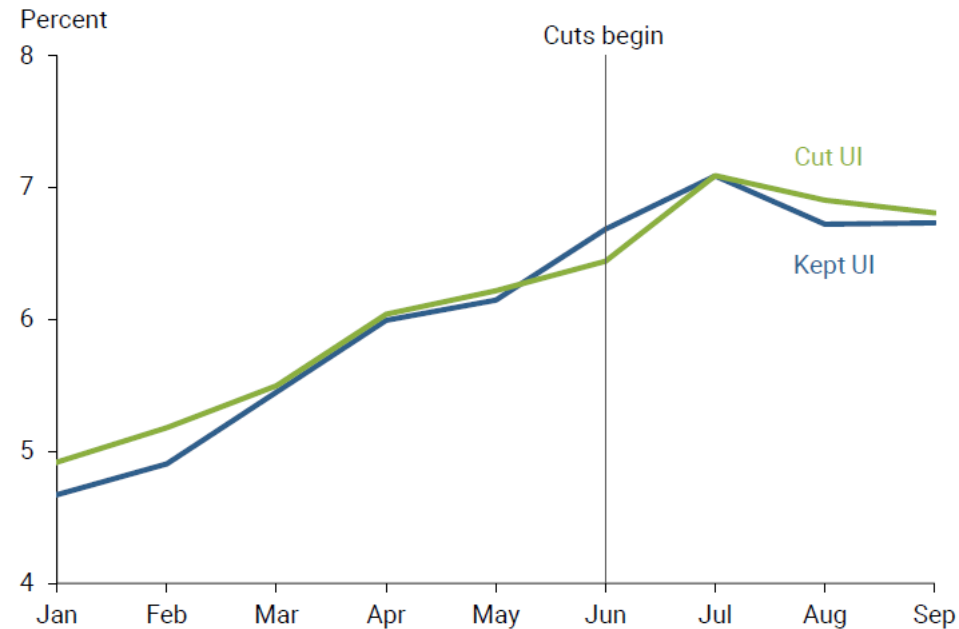
# Employment has fully recovered from pandemic drop



Source: FRED (ADPWNUSNERSA)  
Note: Seasonally Adjusted

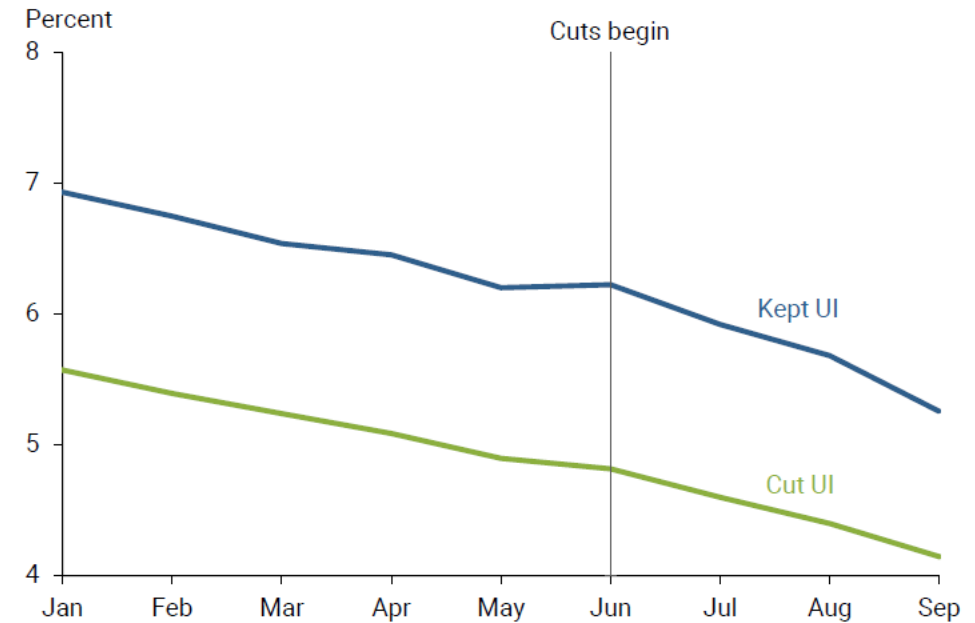
# Limited impact of CARES Act on labor market

## Job opening rates by enhanced UI status: 2021



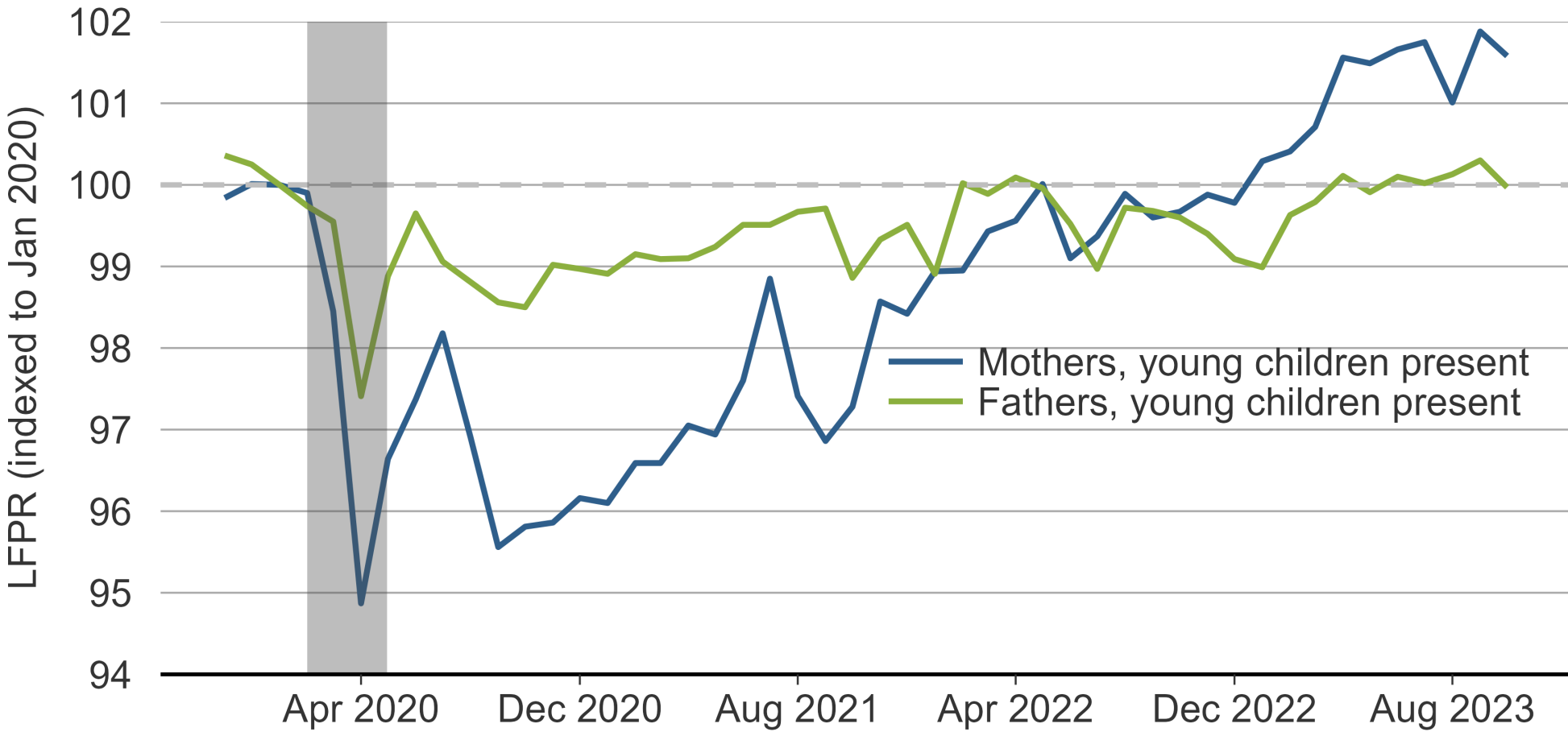
Source: BLS (March 2022 update) and authors' calculations; states grouped, weighted by employment. Job openings measured on last business day of each month.

## Unemployment rates by enhanced UI status: 2021



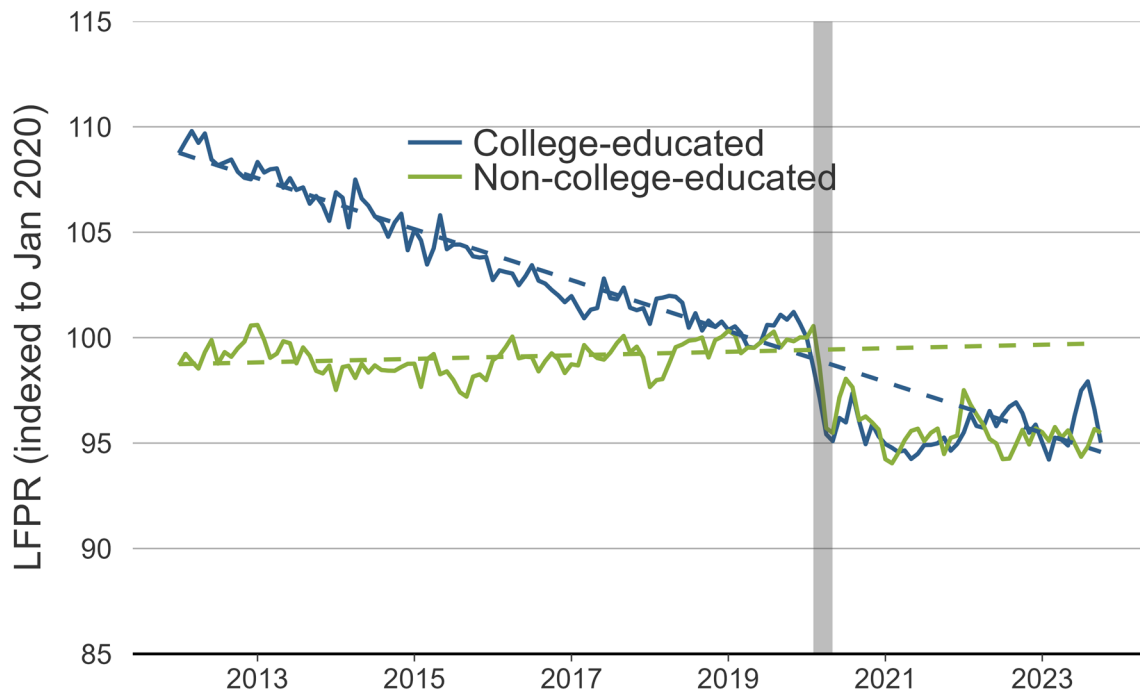
Source: BLS (March 2022 update) and authors' calculations; states grouped, weighted by labor force.

# A transitory impact of the pandemic

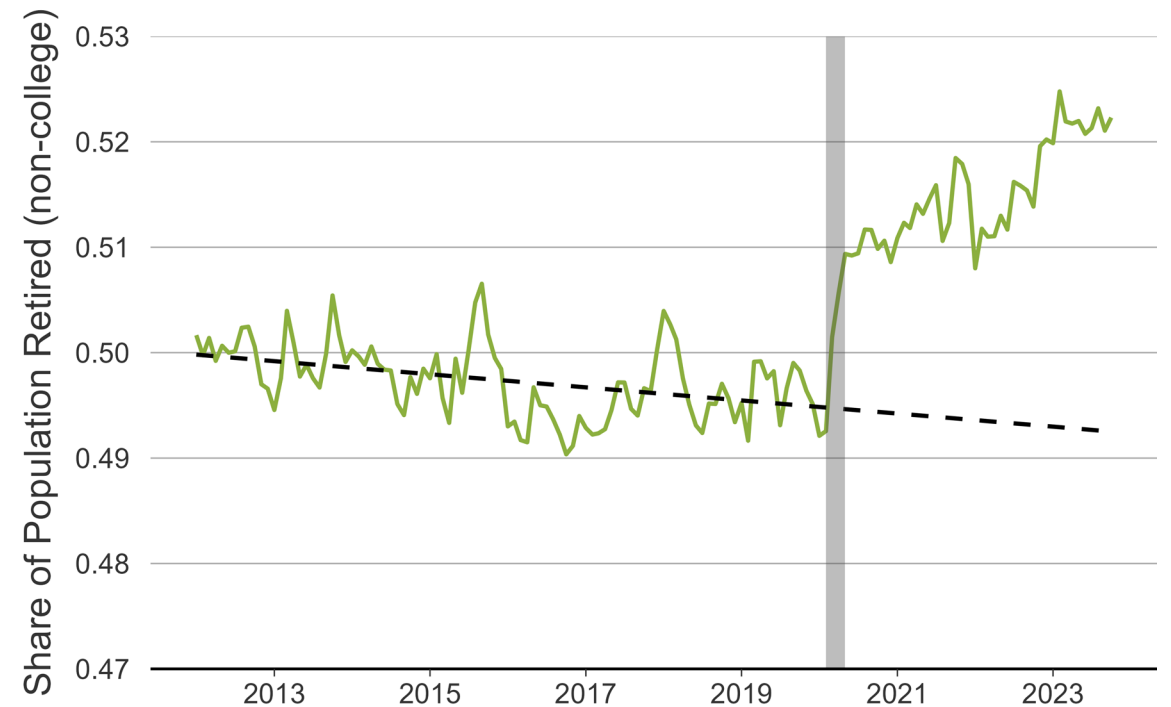


Source: U.S. Census Bureau and FRBSF staff calculations.

# A (potentially) lasting impact of the pandemic



Source: Bureau of Labor Statistics and authors' calculations.  
Dotted line depict a linear trend estimated on 2012-2019 data.

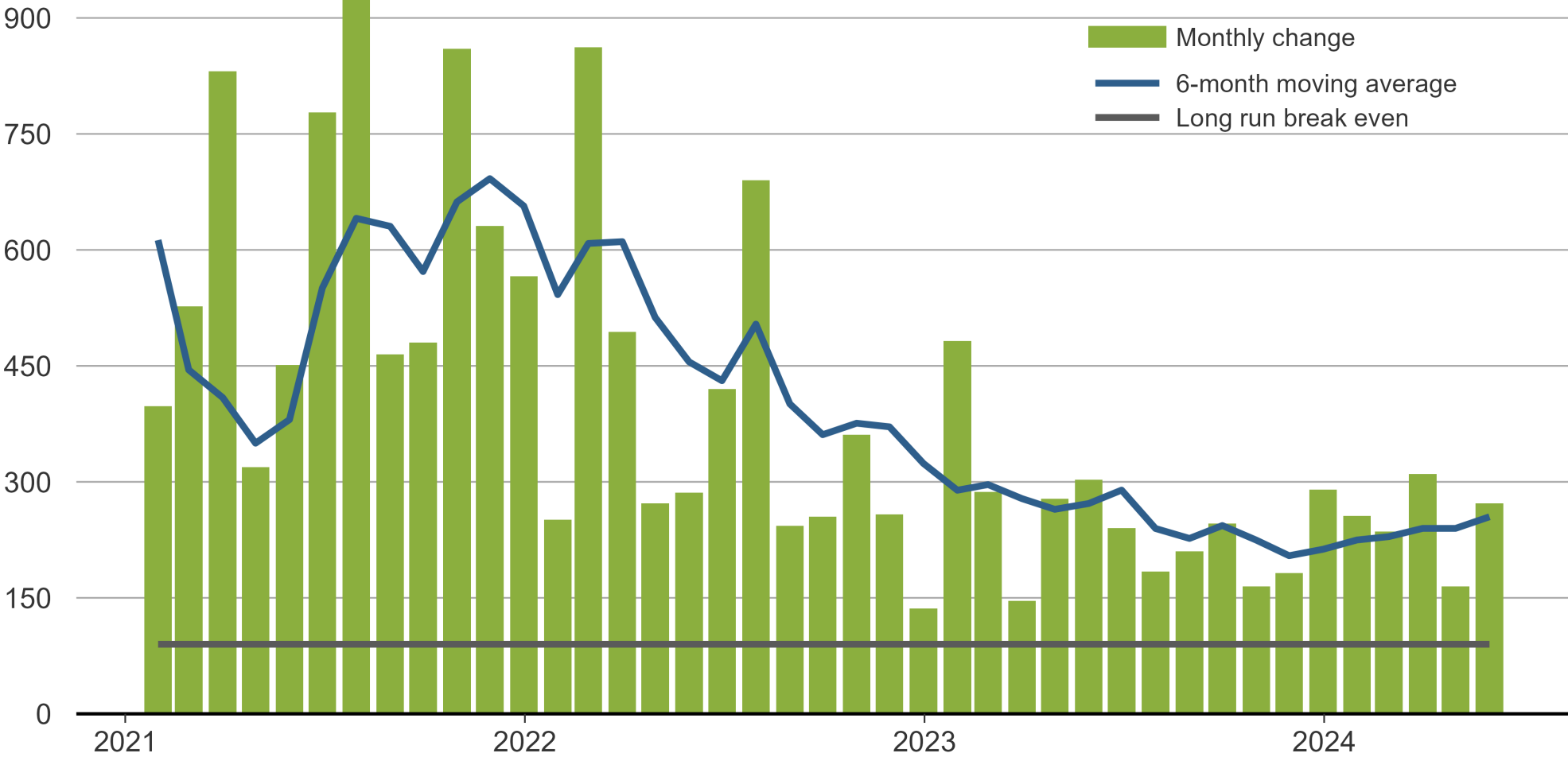


Source: Bureau of Labor Statistics and authors' calculations.  
Dotted line depict a linear trend estimated on 2012-2019 data.



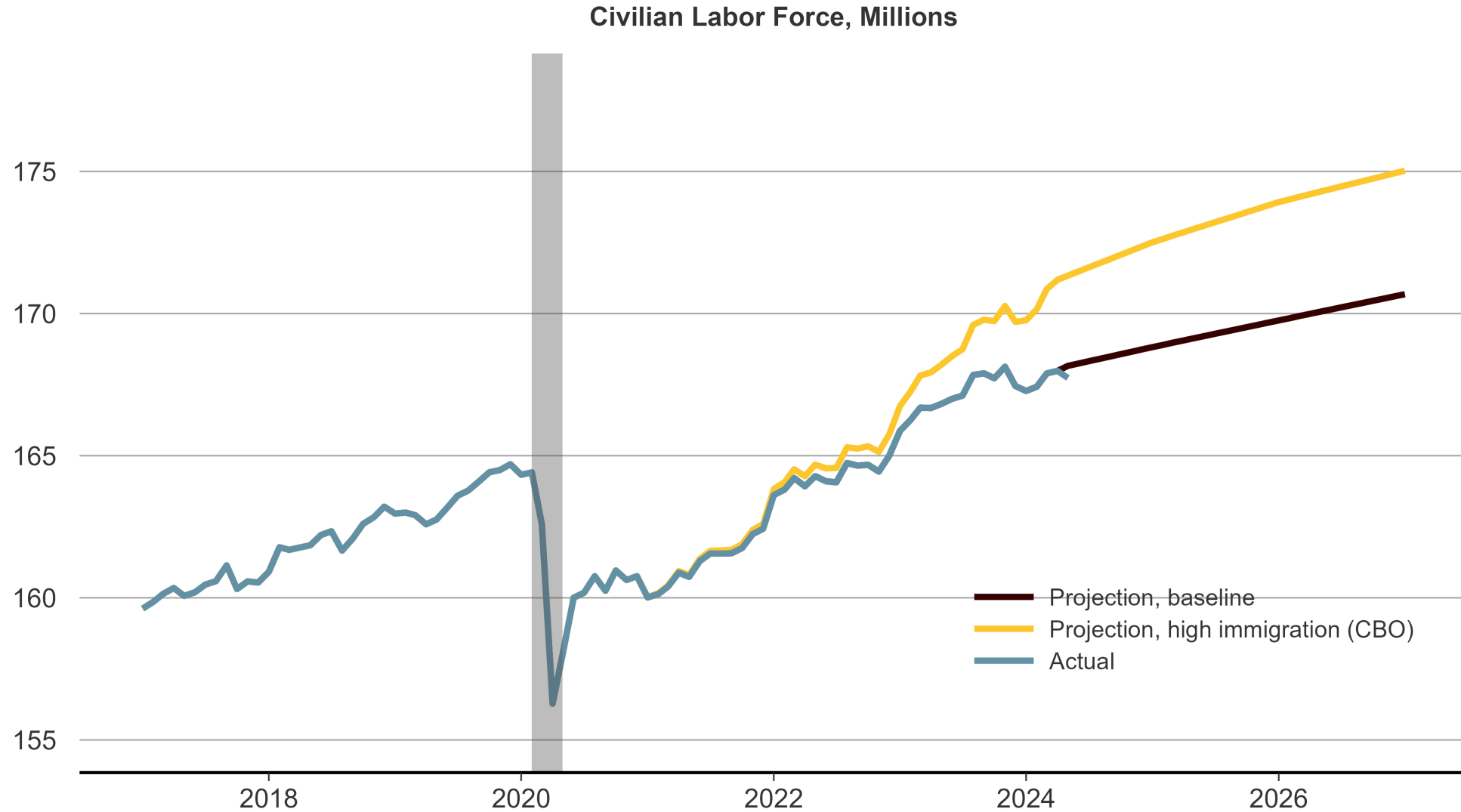
# Robust job growth exceeding break-even

## Nonfarm Payroll Employment Growth, Monthly



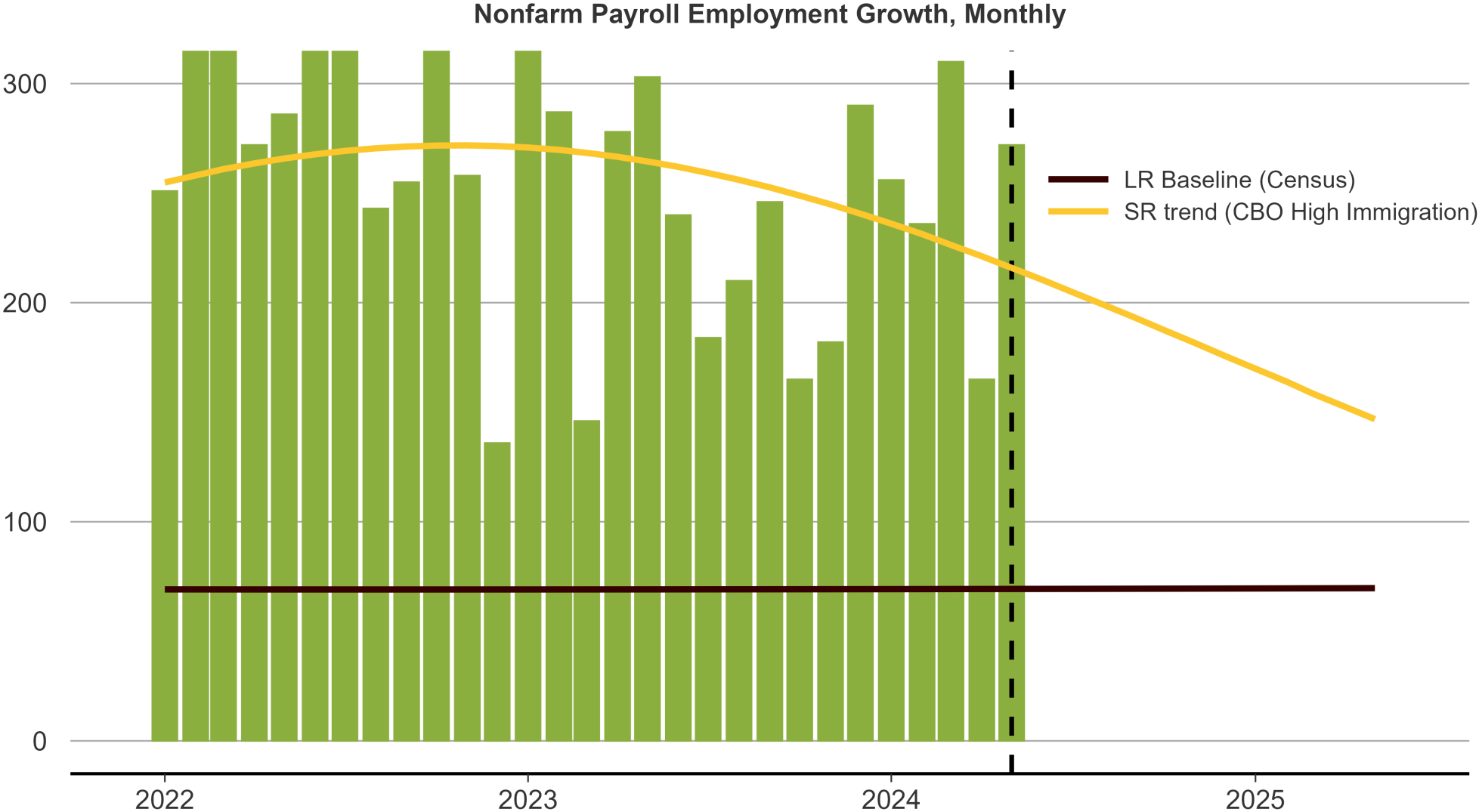
Source: Bureau of Labor Statistics

# Labor force growth has been strong...



Source: Bureau of Labor Statistics, U.S. Census Bureau, Congressional Budget Office and FRBSF staff calculations

# ...filling above trend labor demand



Source: Bureau of Labor Statistics

# Where do we go from here?

