QLmonthly October 2024 [1]

Kathrin Ellieroth[1][2]   Amanda Michaud[2]

[1]Colby College

[2]FRB- Minneapolis

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1. Recent Developments in Layoffs, Quits, and Job Finding in the CPS Household Survey
2. This Month's Special Topic:
   - ▶ Reason for separation into N vs. Activity in N

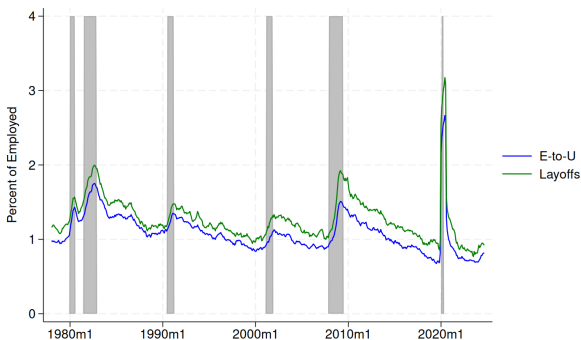# Layoffs Resulting in Non-Employment Retreat

Figure: Prime age monthly Employment to Unemployment (E-to-U) flows and layoffs to non-employment from CPS household survey.

▶ After months of increase, prime-age layoffs show a decline, while E-to-U is plateauing

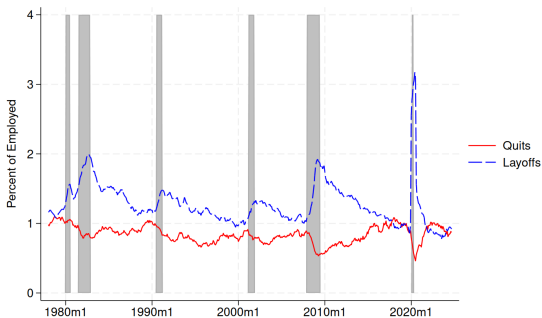# Continued Rise in Quits out of Employment

Figure: Quits and Layoffs to non-employment

▶ The uptick in quits seen in August continues in September
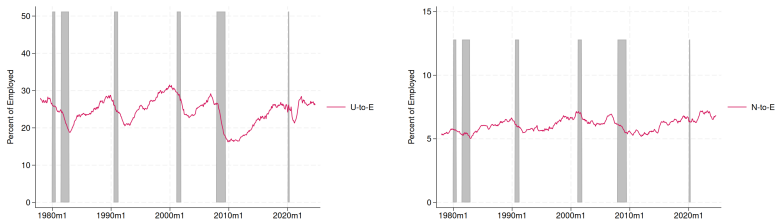
Job Finding Rates Show Uptick

Figure: Job finding rates from unemployment (left) and non-participation (right)

▶ Both job finding rates appear to reverse and increase after a prolonged decline.

What do we make of this?

Recap: Household survey (CPS) indicates:

- ▶ Layoffs to non-employment show a reversal and decline.
- ▶ Flows from employment to unemployment are plateauing.
- ▶ Job finding rates start to increase.

Discussion

- ▶ Labor market shows signs of resilience after recent softening.

Discussion of the Month
Reason for separation into N vs. Activity in N

Activity in Non-participation

- A harmonized variable available on CPS IPUMS that has been used as a proxy for reason for separation into non-participation is `nilfact`
- This variable is available monthly starting in 1994
- It asks individuals about their major activity in non-participation
- Possible answers are:
    - Disabled
    - Ill
    - In school
    - Taking care of house or family
    - Something else/Other

Little correlation between activity in and reason for N

▶ While the variable `nilfact` is interesting to study, there is little correlation between activity in nilf and reason for being in nilf

▶ For example, half of all individuals who exit the labor force due to a layoff list taking care of family as their major activity. This is the same share as those who exit after a quit.

Activity	Layoffs into N	Quits into N
Disabled/Ill	6%	12%
School	8%	18%
Family	49%	52%
Other	33%	15%
Unknown	4%	3%

Table: Activity in non-participation by reason for non-participation