

Macro Roundup Article

Headline: [Measuring Unemployment Risk](#)

Article Link: <https://www.federalreserve.gov/econres/notes/feds-notes/measuring-unemployment-risk-20240308.html>

Author(s)	Brendan Chapuis and John Coglianese
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Tweet: An unemployment risk measure based on workers' personal characteristics finds in 2007 unemployed workers made up 2.8% of the population but had an average unemployment risk of 22%, 10 times the 2.7% unemployment risk rate of employed workers.

Summary: We estimate unemployment risk in our sample as a function of many individual-level characteristics. We include current employment status characteristics (employed/unemployed/not in the labor force, unemployment duration, work absence, reason for unemployment, reason for non-participation), demographic characteristics, job characteristics, and geographic characteristics. Before a recession, unemployment risk is relatively concentrated. The dashed lines in Figure 3 show the distribution of unemployment risk as of 2007 broken out separately for employed, unemployed, and not-in-the-labor-force individuals. Unemployment risk was below 5% for the vast majority of employed workers and below 10% for all but the extreme tail. Since the unemployment rate was low in 2007, unemployed workers made up only a small sliver of the population (2.8%), but this group had an average unemployment risk of nearly 22%, about ten times larger than either of the other categories (2.7% average for employed, 2.4% average for not in the labor force). Related: The Dual U.S. Labor Market Uncovered and The Active Role of the Natural Rate of Unemployment During Cyclical Recoveries

Primary Topic: Unemployment/Participation

Topics: Business Cycle, GDP, Op-Ed/Blog Post, Unemployment/Participation, Weekly, Workforce

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