

Macro Roundup Article

Headline: Breakeven Employment Growth

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Tweet: Despite the recent surge in immigration and rising labor force participation rates, @Petrosky_Nadeau at @sfFed projects that the US breakeven long-run employment growth rate will remain in its historical range of 70-90,000 jobs/month.

Summary: In the short-run, recent surges in immigration and labor force participation have caused the current breakeven employment growth rate to rise as high as 230,000 jobs/month. Our baseline calculations assume a long-run unemployment rate of 3.8%. Short-run breakeven employment growth is estimated to be higher than long-run growth under each scenario, as shown in Figure 3. Under the baseline scenario, short-run breakeven employment growth is estimated to be around 140,000 jobs/month in the first quarter of '24 (dark blue line). It is significantly higher at 230,000 jobs/month under the CBO high immigration scenario (red line), reflecting the recent surge in immigration. Under the baseline projections, short-run breakeven growth will converge on the long-run rate (gray line) by the end of '25. However, this return to the long-run trend stretches further out to '27 for the CBO high immigration scenario. Long-run breakeven employment growth is estimated to range between 70,000 and 90,000 jobs/month in '24

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Primary Topic: Unemployment/Participation

Topics: Immigration, Op-Ed/Blog Post, Unemployment/Participation, Workforce

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