

Macro Roundup Article

Headline: [Why Is Prime-Age Labor Force Participation So High?](#)

Article Link: <https://www.frbsf.org/research-and-insights/publications/economic-letter/2024/02/why-is-prime-age-labor-force-participation-so-high/>

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Tweet: Female prime-age LFP has exceeded its pre-pandemic peak hitting an all-time high last year, and male prime-age LFP returned to its pre-pandemic level. A @sffed analysis argues LFP gains are "winding down" which implies sustained tight labor markets.

Summary: Prime-age LFP dropped precipitously for both men and women during the early phase of the pandemic. After a rapid but partial recovery in the few months following the initial pandemic shock, LFP increased steadily through mid-2023. LFP increase has been especially pronounced for prime-age women. Their LFP rate has notably exceeded the pre-pandemic peak and, in fact, reached a historical high in 2023. By contrast, the rate for prime-age men has returned to its pre-pandemic level but remains well below its prior historical high. Our results suggest that by increasing worker availability during economic expansions, rising prime-age LFP may act as a "safety valve" for hot labor markets, helping to ease upward wage and price pressures. However, our results for the years 2022–23 indicate that the recent procyclical rise in prime-age LFP may have ended. These findings suggest that further rebalancing of the labor market will need to come from slower growth in labor demand rather than continued rapid growth in worker supply.

Related Articles: Post-Pandemic Recovery for America's Prime Age Labor Force: A Tale of Two Sexes and Men's Falling Labor Force Participation Across Generations and Explaining The Rise In Prime Age Women's Employment

Primary Topic: Unemployment/Participation

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

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