

# QLmonthly December 2024<sup>1</sup>

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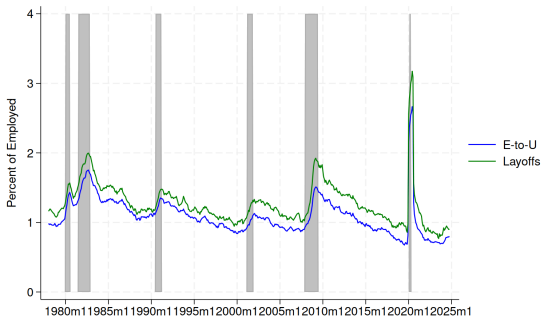
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<sup>1</sup>Based on Ellieroth & Michaud, "Quits, Layoffs, and Labor Supply" Institute Working Paper 94 (2024)

# Contents

1. Recent Developments in Layoffs, Quits, and Job Finding in the CPS Household Survey
2. This Month's Special Topic:
  - ▶ Robustness: Temporary/seasonal/intermittent jobs

## Layoffs to Non-Employment Fall



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

- ▶ After four months of stable layoffs, we see a fall in layoffs
  - ▶ While monthly data are noisy, 3 out of 4 of the lowest layoff readings for 2024 have been in Sep, Oct, Nov.
- ▶ The gap between our layoff series and E-to-U flows fall, indicating fewer layoffs end in non-participation

Quits appear to have gone flat.

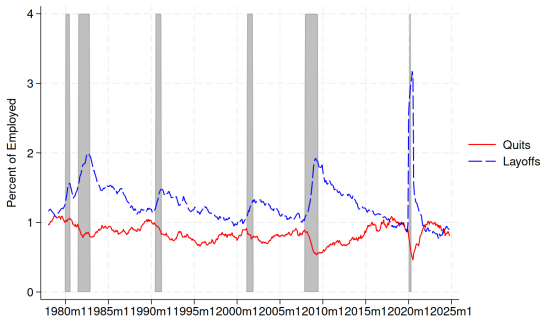
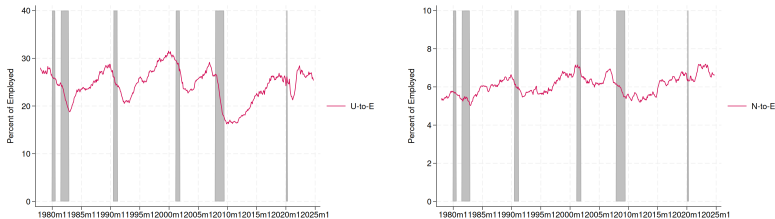


Figure: Quits and Layoffs to non-employment

- Quits stabilize across August, September, October, and November after steady decline.

## Job Finding Rates worsen for the Unemployed



**Figure:** Job finding rates from unemployment (left) and non-participation (right) for Prime Age Workers

- ▶ Job finding rates continued to worsen for the unemployed
- ▶ Job finding rates from non-participation stable over last few months but fall seems possible
- ▶ Both remain above or near recent pre-pandemic rates.

## What do we make of this?

Recap: Household survey (CPS) indicates:

- ▶ Layoffs to non-employment continue to decline and converge towards employment to unemployment flows
- ▶ Indication of decline in layoffs to non-participation while layoffs to unemployment are stable
- ▶ Job finding rates from unemployment keep declining, uncertain about job finding from non-participation

Our view:

- ▶ Labor market softening has slowed, even stalled.
- ▶ Indicators for future trajectory remain mixed, need to watch evolution of layoffs into non-participation

## **Discussion of the Month**

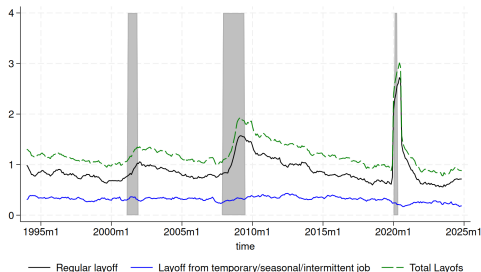
The (non) importance of temporary/seasonal/intermittent jobs

## Layoffs from temporary jobs

- ▶ The CPS microdata allows us to further decompose the series of both layoffs into unemployment as well as layoffs into non-participation
- ▶ For **layoffs into non-participation** we can see whether it was a layoff or a layoffs because a **“temporary, seasonal, or intermittent job was completed”**
- ▶ Similar, for **layoffs into unemployment** we can observe whether the individual was a job loser/on layoff or whether a **“temporary job ended”**
- ▶ The code “temporary job ended” is not available for the unemployed from 1/1989 until 12/1993



## Contribution of temporary layoffs



- ▶ About 25% of all layoffs are the result of a temporary job ending, this number falls during recessionary periods
- ▶ The procyclicality of total layoffs is almost entirely driven by “regular” layoffs, whereas temporary layoffs are mainly acyclical

## Takeaway

- The cyclical variation of layoffs is almost entirely driven by regular layoffs and, therefore, it is robust to the inclusion/exclusion of temporary layoffs