

QLmonthly February 2025 ¹

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¹Based 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:
 - ▶ BLS revisions

Labor Markets show Continued Signs of Stabilization

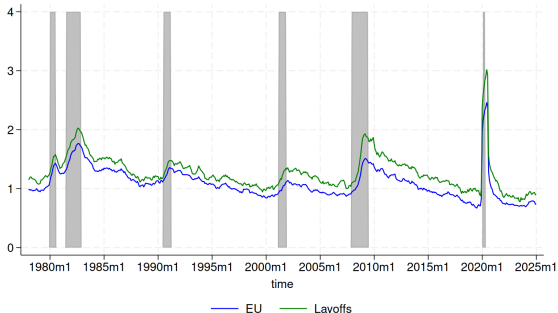


Figure: Prime age monthly Employment to Unemployment (E-to-U) flows and layoffs to non-employment from CPS household survey.

- Layoffs and E-to-U flows settle or decline after 2024 increase.
- January's data smooths month-over-month noise and bolsters our earlier analysis pointing towards renormalization.
- Divergence in layoffs and EU show that layoffs into non-participation are currently rising.

Quits continue steady decline.

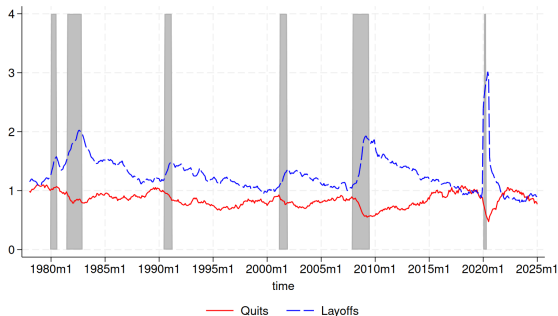


Figure: Quits and Layoffs to non-employment

- After a period of stabilization in November and December of 2024, quits continue to decline.

Higher job finding rates in January not enough to reverse smoothed trend

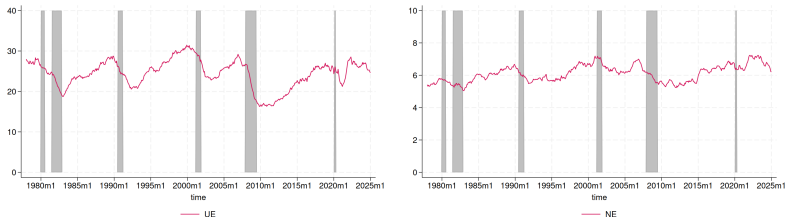


Figure: Job finding rates from unemployment (left) and non-participation (right) for Prime Age Workers

- ▶ Job finding rates rose in January but the 6-month moving average remains lower than previous months.
- ▶ These declines move job finding rates within the more normal historical range.

What do we make of this?

Recap: Household survey (CPS) indicates:

- ▶ Layoffs to unemployment are declining.
- ▶ Quits are declining after a brief period of stabilization.
- ▶ A moving average of job finding rates is declining but recent months show improvement.

Our view:

- ▶ Labor market flows are in line with historically normal times.
- ▶ Signals from our data are neutral about where the labor market is heading.

Discussion of the Month

The (non) importance of BLS revisions.

BLS Annual Revisions

Current Population Survey (CPS)

- ▶ Our data come from the Census' Current Population Survey, administered by the Bureau of Labor Statistics (BLS)
- ▶ A revision to these data were released in January 2025 (<https://www.bls.gov/web/empsit/cps-pop-control-adjustments.pdf>)
- ▶ Population weights were changed, largely reflecting revisions in estimates of immigrants.
- ▶ These revisions changed the number of employed people estimated for 2024 by over 2 million.
- ▶ **These revisions do NOT affect our flow estimates because our flows are unweighted ratios:** of the employed respondents, *what share* quit or are laid off.

BLS Annual Revisions

Job Openings and Labor Turnover Survey (JOLTS)

- ▶ The BLS provides a different measure of quits and layoffs as reported by **continuing** employers in the JOLTS.
- ▶ Since the sample is limited to continuing employers, the BLS has a birth-death model used to estimate how many quits and layoffs were due to business closures.
- ▶ These data are revised as information from employer tax records become available and can result in significant revisions to the quit and layoff estimates.

Takeaway

- ▶ The BLS revisions do not affect our data.