

Activity 9e: Unemployment and Labor Force Participation

This activity focuses on the labor market component of the Great Recession, and you will use FRED® to find data that pertain to the employment and unemployment picture. FRED® is a great and simple tool for finding, viewing, and transforming official data.

1. Go to <https://fred.stlouisfed.org/> and sign in to your personal FRED® account.
2. In the search bar, type in “unemployment rate.” One of the first few results should be **Unemployment Rate, Percent, Monthly Seasonally Adjusted**. Click on this. The unemployment rate (U3; FRED® Series ID: UNRATE) is the most widely reported indicator for unemployment.
3. Review the formula for calculating the unemployment rate that you learned in class. Write it down here.
4. Mouse over the most recent month to display the current unemployment rate. What is the current unemployment rate? In what month/year is this reported? What is the source of this data?
5. Look at the upper right of the screen for an orange EDIT GRAPH button. Click it and make sure the ADD LINE tab is highlighted. In the search bar, type in “labor force participation.” One of the first few options should be **Labor Force Participation Rate, Monthly, Percent, Seasonally Adjusted**. Click on this, and then click the **Add data series** button. Next, click the FORMAT tab and for LINE 2, under **Y-Axis position**, select **Right**.
6. How has the unemployment rate changed since it reached its most recent peak level?

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7. Given how you answered #6 (and using the formula from #3), what accounts for the change in the unemployment rate?

8. How does the change in the unemployment rate compare with changes in the labor force participation rate over the same period of time? What is one possible explanation for the change in the labor force participation rate?

9. What does this information about the labor force participation rate add to your understanding of what has been happening to the general employment picture?

10. Save the graph to your FRED® account: Find the **Account Tools** button under the graph and click it. Select **Save Graph**. Select an **Observation Range**. The middle choice—**Always chart from YYYY-00-00 to the last value available**—will ensure that your graph updates whenever new data are added to the series. Type in a title and click **Save Graph**. You may create a **Category** folder first, if you wish, and save the graph in the folder.

11. Dashboard option: Finish by adding the completed graph to your FRED® dashboard. Click the **Account Tools** button under the graph and select **Add to Dashboard**. Select your dashboard and in the **Graph Name** box, type “Activity 9e-Unemployment and Labor Force Participation.” Select an **Observation Range**. Click **Add to Dashboard**. For additional instructions, see Activity 1.