Concepts in Real Life: Presentation 2

By Brady Folster, Logan Guild, Conner Holt, Josiah Schemmann, Ziyad Hamed

Measures of Employment Gains

- Nonfarm Payroll Employment (Net Change)
  - Net increase in the # of employees added to nonfarm payrolls.
- Gross Job Gains
  - Sum of all jobs at new openings or existing businesses that are expanding.
- Net Employment Change
  - Difference between gross job gains and gross job losses (from closing or businesses getting smaller).
- Employment Population Ratio
  - Measures the share of the working-age population with a job.
- Employment Growth Rate
  - Measures how much a company or industry's headcount has increased over a specific time period.

Calculations of Employment Gains

- Nonfarm Payroll Employment
  - Current Month Payroll - Previous Month Payroll
- Gross Job Gains Rate
  - # of Gross Jobs / Avg of Total Private Employment in Previous Quarter.
- Net Employment Change
  - Gross Job Gains - Gross Job Losses
- Employment Population Ratio
  - (Civilian employment / Civilian Non-Institutional Pop)
- Employment Growth Rate
  - ((Current Employment - Prev Employment) / Prev Employment) * 100%

Measures of Employment Rates and Calculations

- U-1 - Percentage of the labor force unemployed for 15 weeks or longer
- U-2 - Percentage of the labor force who lost jobs or completed temporary work
- U-3 - (OFFICIAL RATE) - Total unemployed individuals as a percentage of the civilian labor force
  - (Unemployed / Labor Force) * 100
- U-4 - U-3 plus “discouraged workers” (people who stopped looking for jobs)
- U-5 - U-4 plus people who can't work or haven't searched recently
- U-6 - (Broadest) - U-5 plus people employed part-time for economic reasons

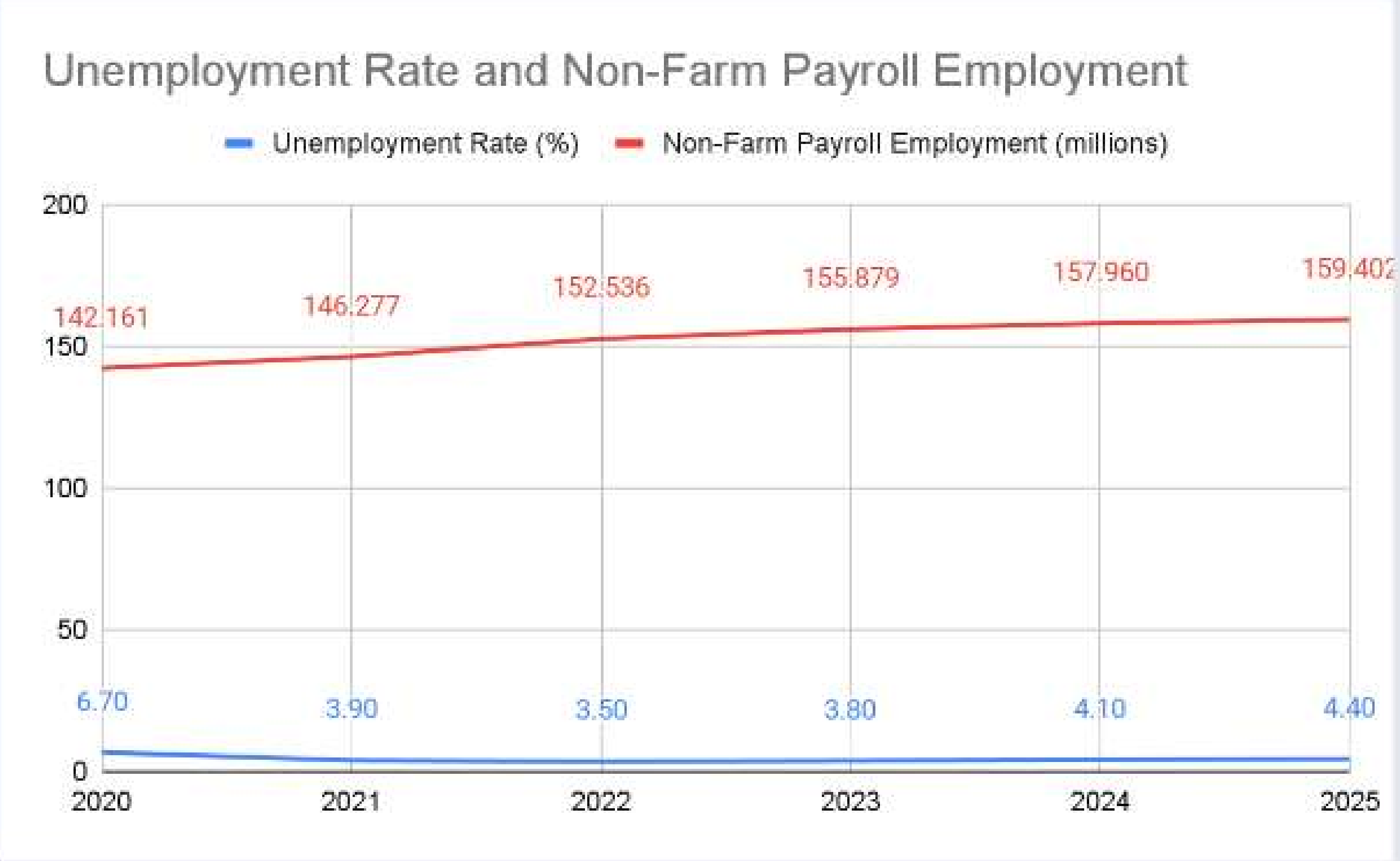
Employment Gains and Unemployment Rates Responsibilities

- The U.S Bureau of Labor Statistics (BLS) computes and releases data on employment gains and unemployment rates
- Data covers national, state, and local employment, unemployment, and labor force statistics
- Only considers people who:
    1. Either have a job or people who are jobless
    2. Looking for a job
    3. People who are available for work
    4. Everyone else is not considered to be in the labor force and not considered within these statistics

Frequency on Calculations and Releases

- The BLS releases data on the first Friday of each month, at 8:00 A.M. EST.
- The data is based on two surveys:
  - The Household Survey (current population survey) - collects data from a sample of residences about the people and conditions about them
  - The Establishment Survey (payroll data) - gathers data on employment, hours, and earnings from ~121,000 businesses and government agencies representing ~631,000 worksites.
  - It provides crucial data on nonfarm payroll jobs to assess economic health

Change in Unemployment Rate and Non-Farm Payroll Employment Over 5 Years



1. COVID-19 pandemic from 2020-2022
2. The non-farm payroll employment is s teadily increasing

Measures of Inflation

- Consumer Price Index (CPI)
  - Tracks prices of goods the average consumer buys
  - CPI = (Basket Cost Current Year) / (Basket Cost Base Year) * 100
  - Inflation Rate: (CPI Year 2 - CPI Year 1) / CPI Year 1 * 100
- Personal Consumption Expenditures (PCE) price index
  - Changes in prices of goods and services
  - Calculated by total, inflation-adjusted, market-value spending on goods and services by households and nonprofit institutions
- Producer Price Index (PPI)
  - Changes in the selling prices received by domestic producers for their output
  - Similar to CPI, but from the perspective of the producer
- Gross Domestic Product (GDP) Deflator
  - Price changes of goods/services produced in a certain country
  - GDP Deflator = (Nominal GDP / Real GDP) * 100

Release of Inflation Related Data

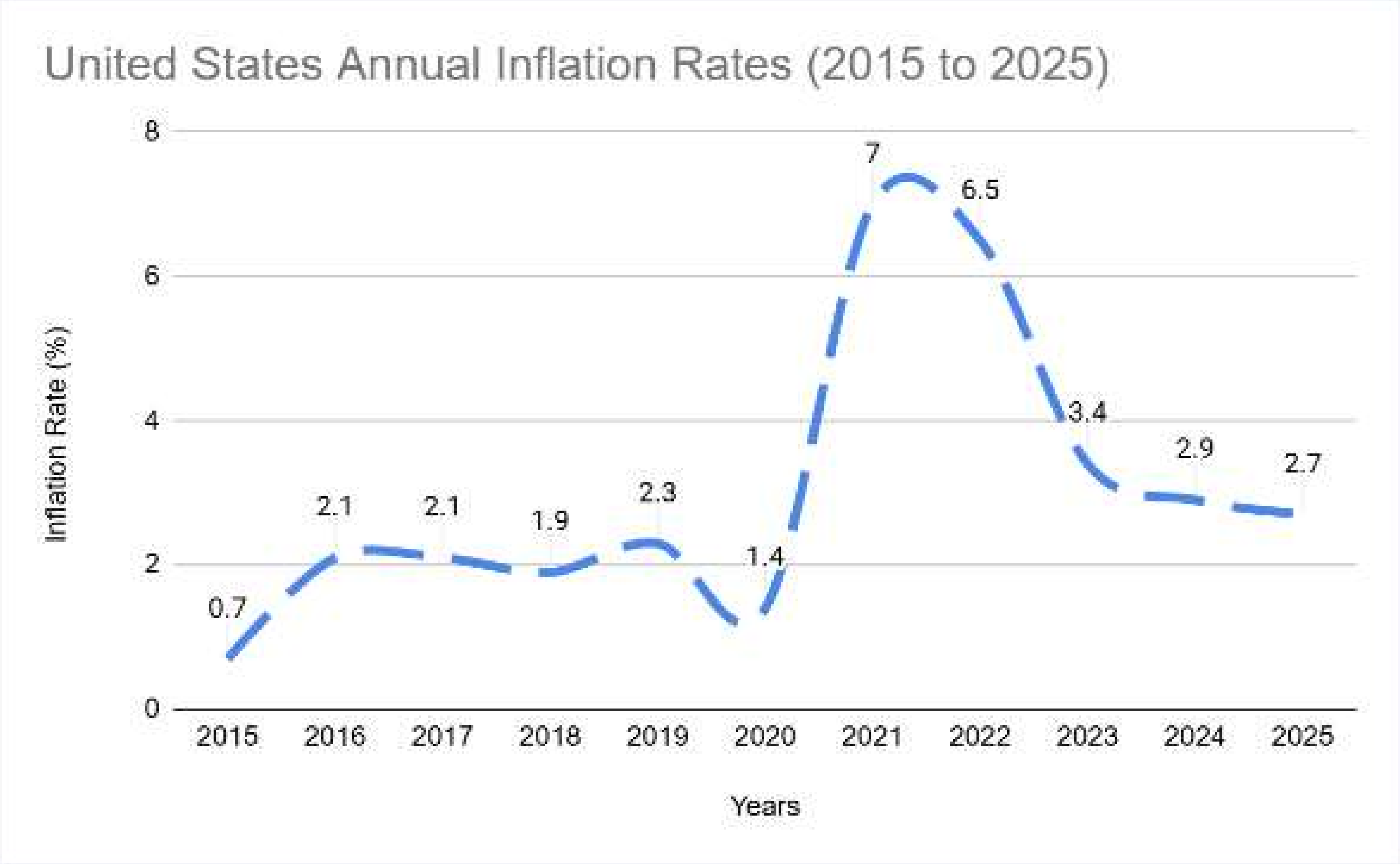
- CPI: Consumer Price Index
  - U.S. Bureau of Labor Statistics (BLS)
- PPI: Personal Price Index
  - U.S. Bureau of Labor Statistics (BLS)
- PCE: Personal Consumption Expenditures
  - U.S. Bureau of Economic Analysis (BEA)
- GDP Deflator: Gross Domestic Product
  - U.S. Bureau of Economic Analysis (BEA)

Frequency of Inflation Related Data

- Consumer Price Index (CPI)
  - Monthly
  - Around mid-month, covering the previous month
  - BLS releases an annual release schedule in advance
- Personal Consumption Expenditures (PCE)
  - Monthly
  - Middle-Late in the month
  - BEA releases a fixed annual schedule for PCE release
- Personal Price Index (PPI)
  - Monthly
  - Usually a few days before CPI release
  - Included in the BLS annual release schedule
- Gross Domestic Product Deflator (GDP Deflator)
  - Quarterly
  - Released with GDP reports

New Date February 5 8:30 AM	N	Gross Domestic Product by County and Personal Income by County, 2024
New Date February 19 8:30 AM	N	U.S. International Trade in Goods and Services, December and Annual 2025
New Date February 19 8:30 AM	N	Real Personal Consumption Expenditures by State and Real Personal Income by State, 2024
New Date February 20 8:30 AM	N	GDP (Advance Estimate), 4th Quarter and Year 2025
New Date February 20 8:30 AM	N	Personal Income and Outlays, December 2025
March 5 8:30 AM	N	U.S. International Trade in Goods and Services, January 2026
March 5 10:00 AM	N	Outdoor Recreation Satellite Account, U.S. and States, 2024
New Date March 13 8:30 AM	N	GDP (Second Estimate), 4th Quarter and Year 2025

Most Commonly Used Inflation Rate in Last 10 Years



1.

Inflation rates during COVID-19 raised significantly

2.

Inflation rate is stabilizing post COVID-19 towards the ideal 2%

Thank You!

Any Questions?

Sources

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