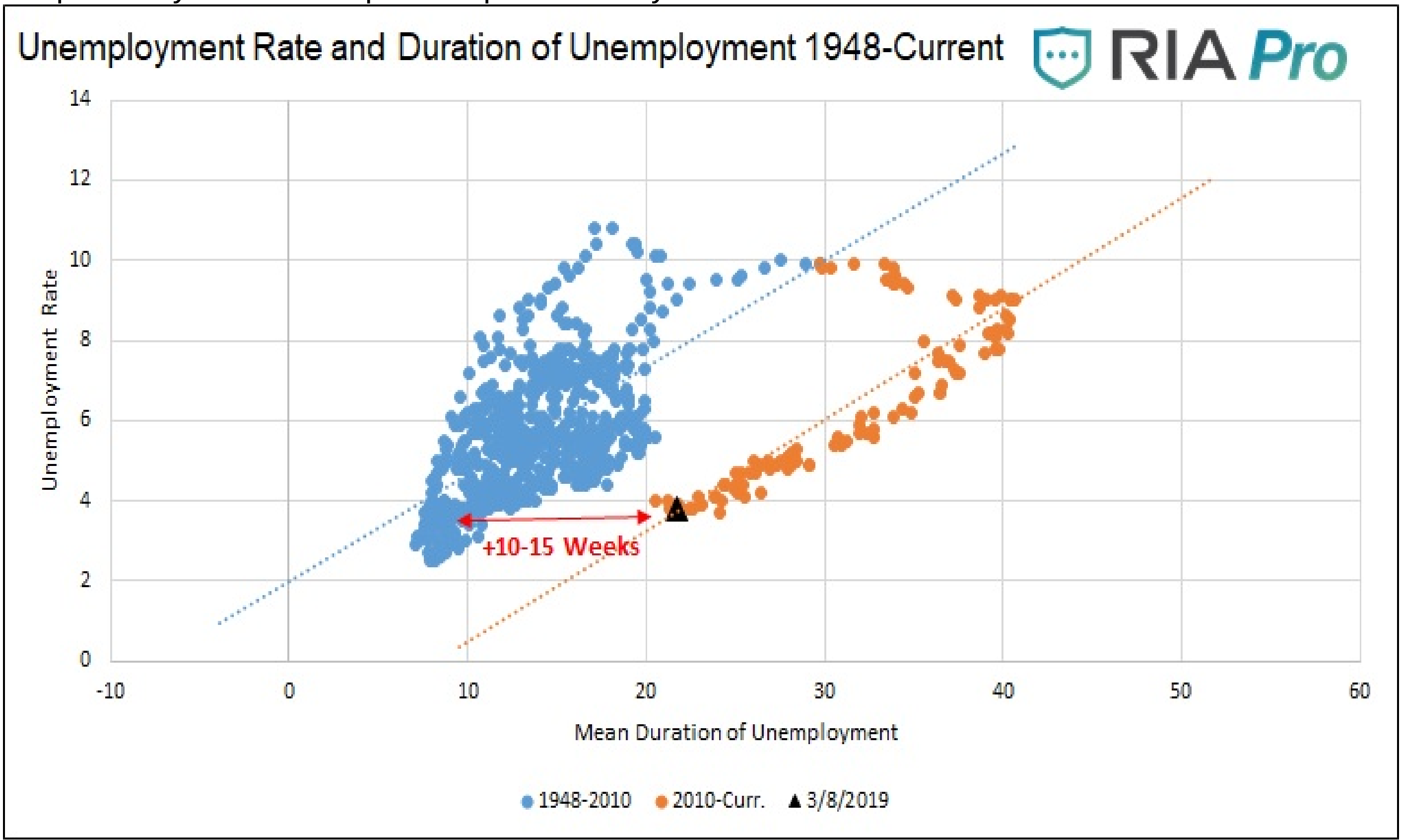
# Quick Take: Unemployment Anomaly

Following today?s release of the February employment report, we stumbled across an anomaly. Common sense suggests that as the unemployment rate declines and the economy and labor markets strengthen, there should be fewer unemployed workers looking for a job and conversely, if unemployment is rising there should be more people looking for jobs. This is not complex econometric math. If true, then the duration of time that unemployed workers are unemployed before finding a new job should track the unemployment rate. As shown below in blue, this was generally true from 1948 to 2010, and it has also been true for the last nine years as shown in orange. What?s very noticeable however is that the relationship has shifted to the right, meaning that since 2010, it takes an unemployed person about 10-15 weeks *longer* to find a job than it did in the prior 60 years. The important question: why?




The data above shines a light on a glaring inconsistency in the broadly accepted narrative that insists we are at full employment and the employment situation is at historically strong levels. Fed Chairman Jay Powell gushed about the strength of the labor market and wage growth in his testimony to Congress in late February. Is it true? Along with the data presented above we have questioned how the unemployment rate and jobless claims can be near 50-year lows while the labor participation rate is at 35-year lows. Furthermore, although wage growth has been improving of late, why has it been so benign over the past 10-years despite what we are told is an insatiable demand for labor? The state of the economy has changed since the financial crisis and the methods used to assess the employment situation appear to fail the ?sniff? test. Yes, the labor data holds promise, but it is not nearly as good as advertised.