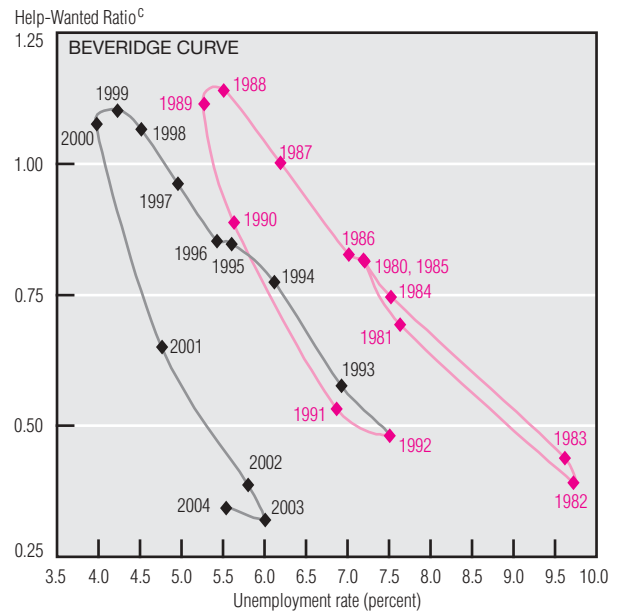
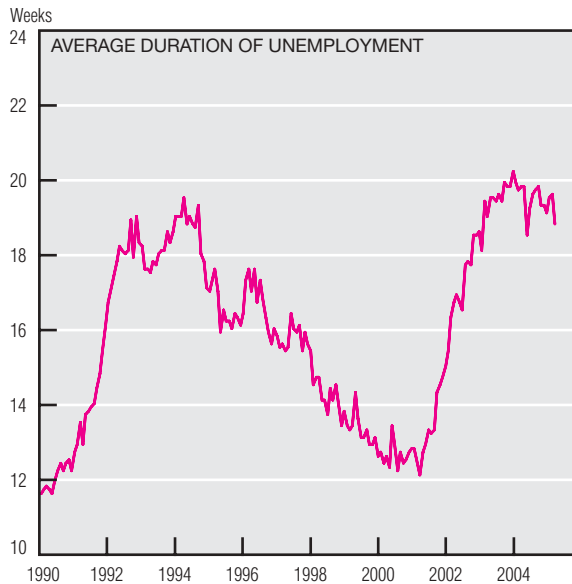
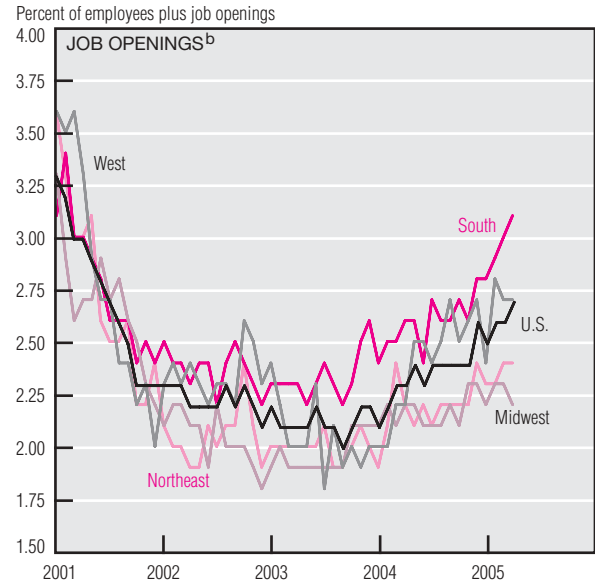
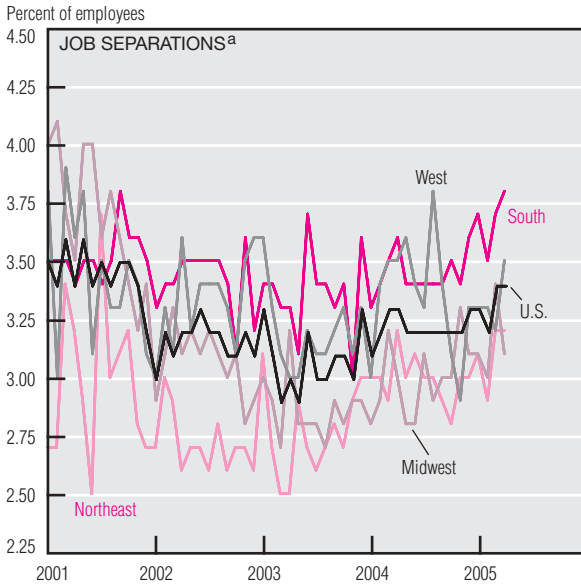


# Unemployment Changes



a. The number of job separations during the month divided by the number of employees.

b. The number of job openings on the last business day of the month divided by the sum of the number of employees and the number of job openings.

c. Jobs advertised divided by number of unemployed.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and the Conference Board.

Nonfarm job openings and separations influence the dynamics of the labor market. The U.S. rate of job separations has recently trended up and is now close to its average 2001 recession level of 3.5%. The rate of job openings fell from 3.2% before the 2001 recession to 2.0% in September 2003; in April 2005, it reached 2.7%, still short of its prerecession level. The rate of openings varies by region: Since the 2001 recession ended, it has generally remained sluggish in the Midwest and has trended upward in the South and West.

For a given rate of unemployment, the openings rate is a determinant of how long it takes an unemployed worker to find a job: Greater job availability may shorten unemployment duration. The average duration of unemployment declined from its February 2004 peak of more than 20 weeks to 18.8 weeks in May 2005. This exceeded the 25-year average of 15.6 weeks, a sign that job creation remains unusually weak.

The Beveridge curve shows how firms' hiring decisions (job vacancies as captured by the Conference Board's

Help-Wanted Advertising Index) translate into unemployment changes. During booms, the number of vacancies generally increases and unemployment declines; the reverse occurs during recessions. Since the beginning of the 1990s, the Beveridge curve has shifted downward (see color shift at lower right), suggesting a more effective matching process between vacancies and unemployed workers—an indicator of lower structural unemployment.