FEDERAL RESERVE BANK *of* CLEVELAND

Research [in] Brief

The Predictive Power of (Certain) Group Unemployment Rates

Primary issue

Research has suggested, but not proven, that unemployment rates for certain historically economically vulnerable demographic groups might be an early indicator of conditions in the broader labor market.

Key findings

- Increases in the unemployment rates for Black workers and for all workers with less than a high school education tend to be followed by higher overall unemployment two to six months later. The unemployment rate for Hispanic workers had no such predictive power.

- In something of a surprise, the unemployment rate for another group, workers in the middle of their prime working years—ages 35 to 44—is also linked to future increases in the unemployment rate.

The bottom line

Economists and policymakers monitoring labor market health can track these three groups for an early tell on changes in the overall labor market.

Read “Do Group Unemployment Rates Send Warning Signs about the Broader Labor Market?” at **clefed.org/ec202610**.

Read *Cleveland Fed Digest* to stay up to date with research and news from the Cleveland Fed. Subscribe to the newsletter: **clefed.org/cfd**.