

FEDERAL RESERVE BANK *of* NEW YORK | ECONOMIC RESEARCH

FEDERAL RESERVE BANK *of* NEW YORK

MAY 2023

(Released July 2023)

EQUITABLE GROWTH INDICATORS

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Summary

- **INFLATION**

Inflation is declining overall, as well as in the high-inflation categories of food and housing. Households headed by young people are experiencing inflation that is nearly 0.5 percentage point above the national average.

- **EARNINGS**

Real earnings in April and May 2023 increased at the fastest rate since May 2020, except for Hispanic and younger workers whose earnings remained stable.

- **EMPLOYMENT**

The employment gap between men and women is close to its lowest level since 2019 (11 percent vs. 13.3 percent in January 2019), having fallen throughout the pandemic and its aftermath.

- **CONSUMER SPENDING**

Real spending of the young (aged 25-34) remains low relative to its post-pandemic trend in each of the retail, gas, and restaurant categories. The young had increased their consumer spending the most following the pandemic, but currently spend less than do people aged 35-44 and only slightly more than do people aged 45-54, relative to their pre-pandemic levels.

A group of five diverse people are sitting in a circle in a modern office setting. From left to right: a man with short dark hair seen from the back, a woman with short grey hair, a man with a beard and short hair, a man with short dark hair seen from the back, and a woman with short dark hair in a wheelchair. They are all looking towards the center of the circle. The background shows large windows with a view of a city skyline. The image has a dark blue overlay.

EMPLOYMENT

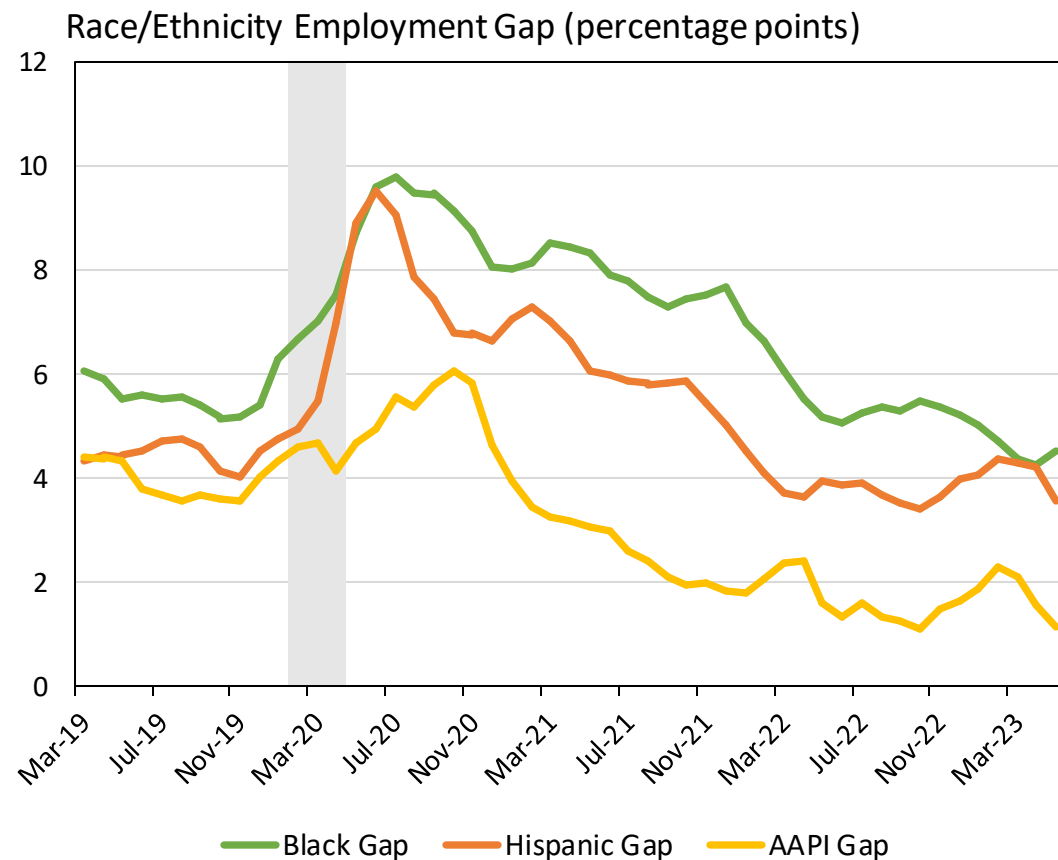
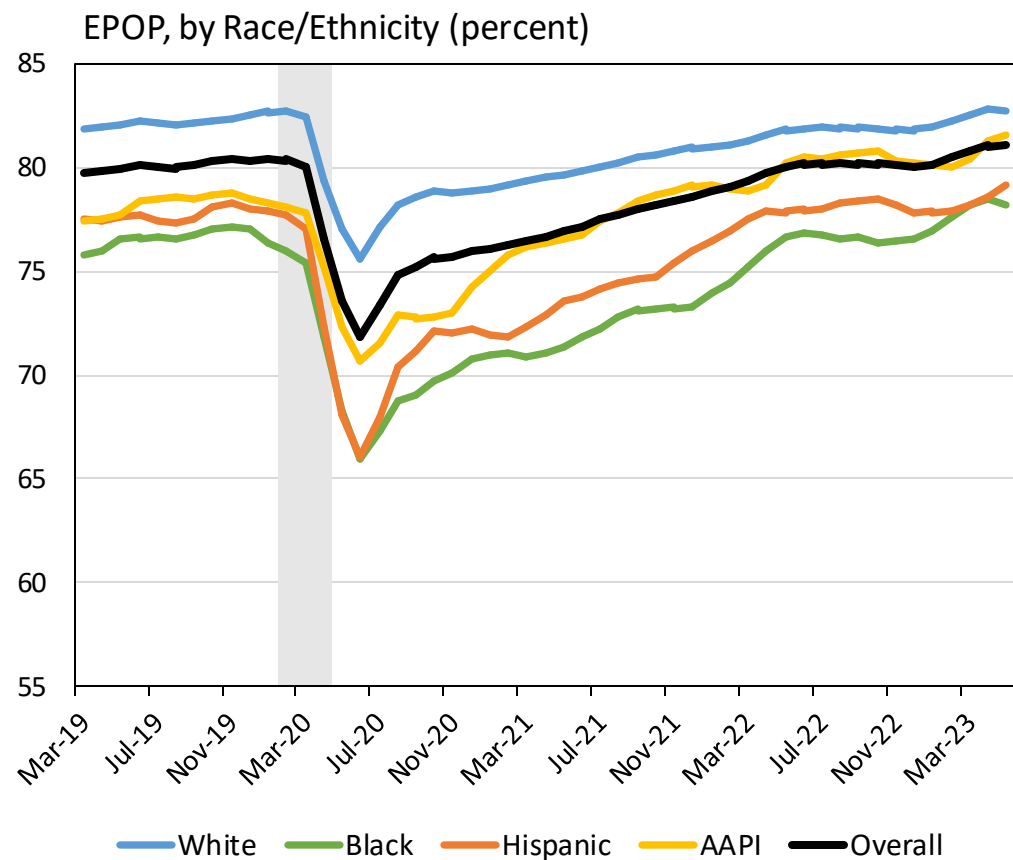
Employment-Population Ratio

Takeaways | EPOP

- Employment as a ratio to population (EPOP) for people aged 25 to 54 declined precipitously during the pandemic recession and rebounded quickly thereafter, returning to pre-pandemic levels in early 2022.
- EPOP decreased more than the U.S. average for Black people, Hispanics, women, the young, people in rural areas, and people without a college education during the pandemic.
- EPOP for Black people, Hispanics and Asians have been rising steadily post-pandemic, but have been roughly stable across age, education, and gender.
- The Black EPOP has equaled the Hispanic EPOP since February 2023, despite being perceptibly below the Hispanic EPOP before. Women's EPOP grew faster than that for men since January 2023.
- Black men and Hispanic and Asian women have EPOP ratios considerably below the national averages for their genders, a pattern driven almost entirely by their labor force participation.
- Veterans have systematically lower EPOP than comparable* nonveterans, mainly because they have lower labor force participation.

**Comparable nonveterans are male high school graduates reweighted by age, race and birthplace to match veterans.*

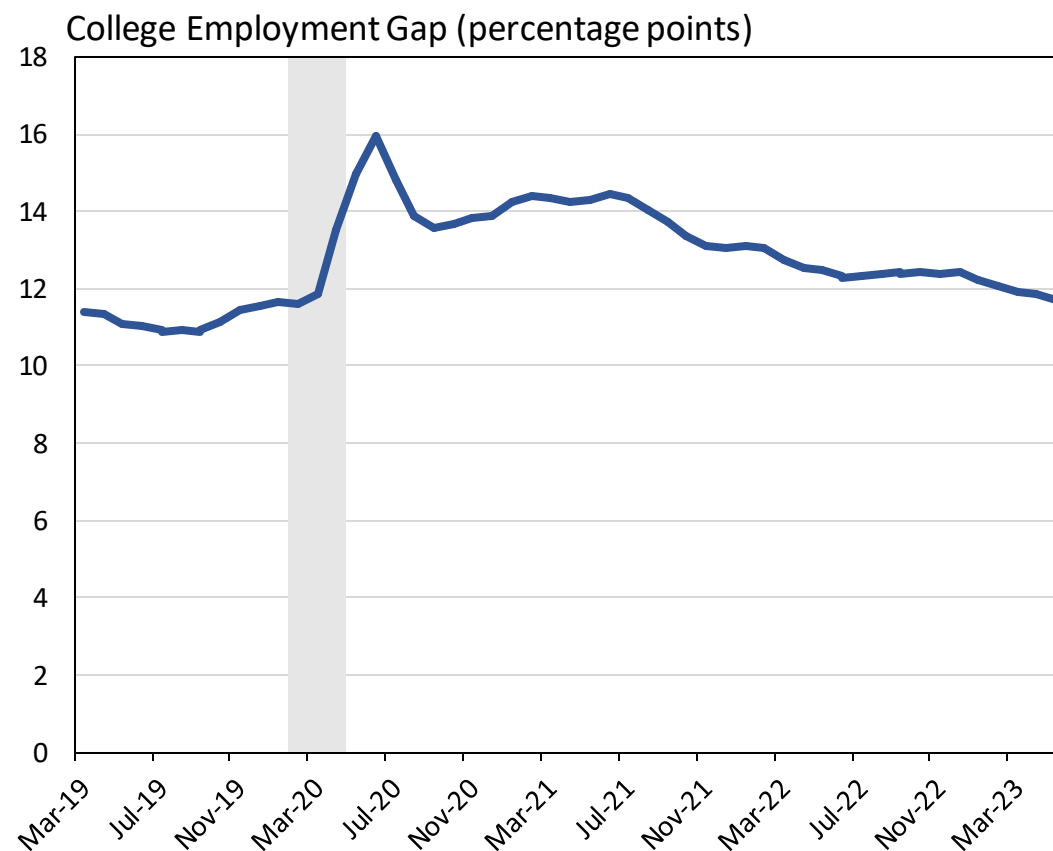
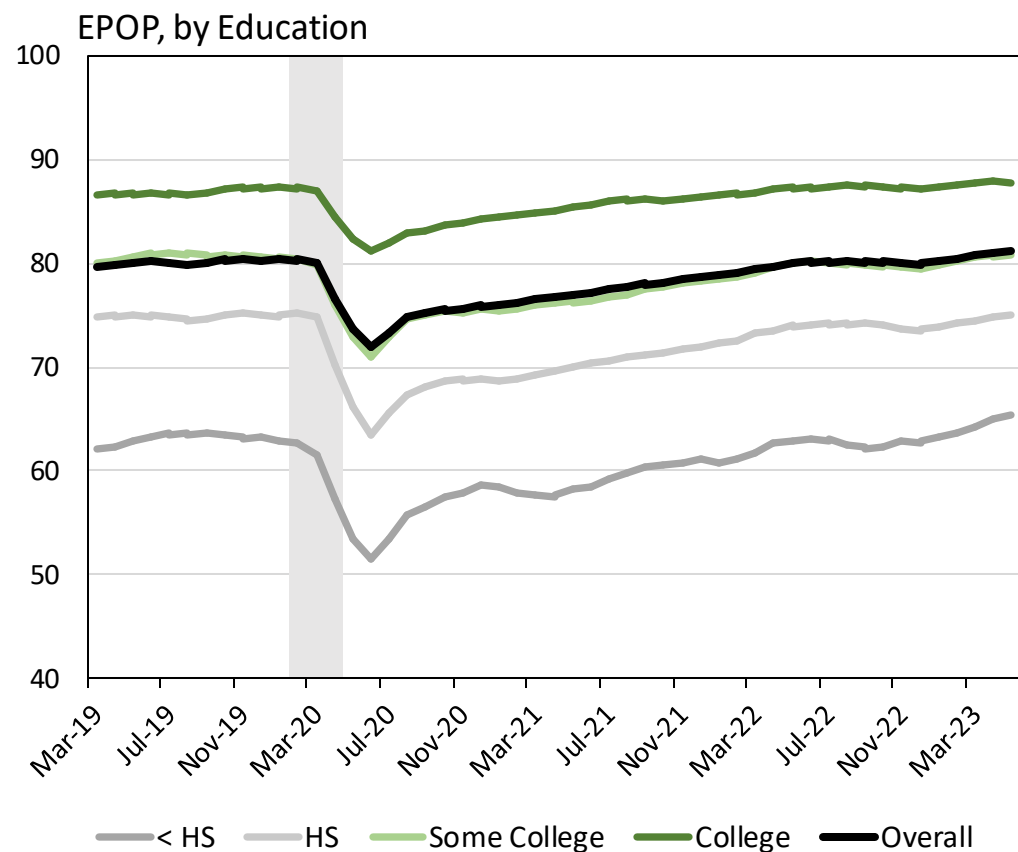
EPOP by Race/Ethnicity



Sources: U.S. Census Bureau/BLS - Current Population Survey Microdata; authors' calculations; three-month moving average.

Notes: Restricted to prime aged individuals (25-54). Shaded region indicates the COVID-19 recession.

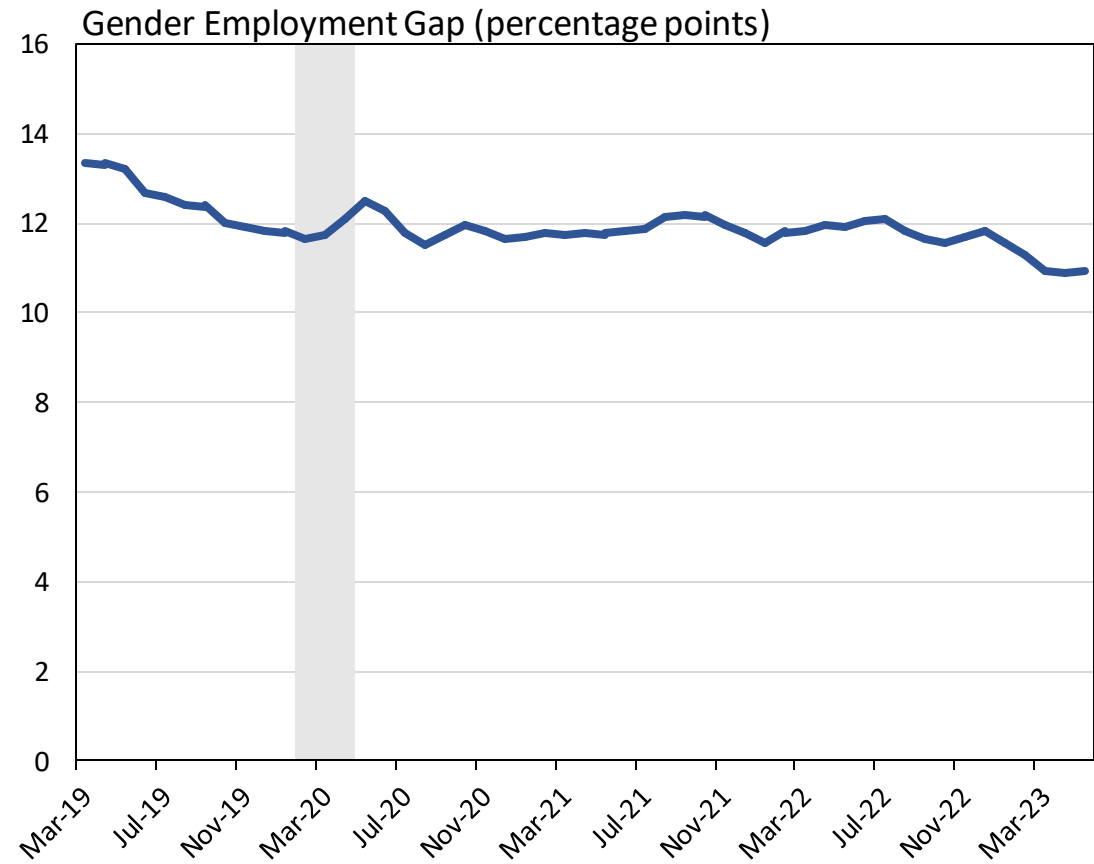
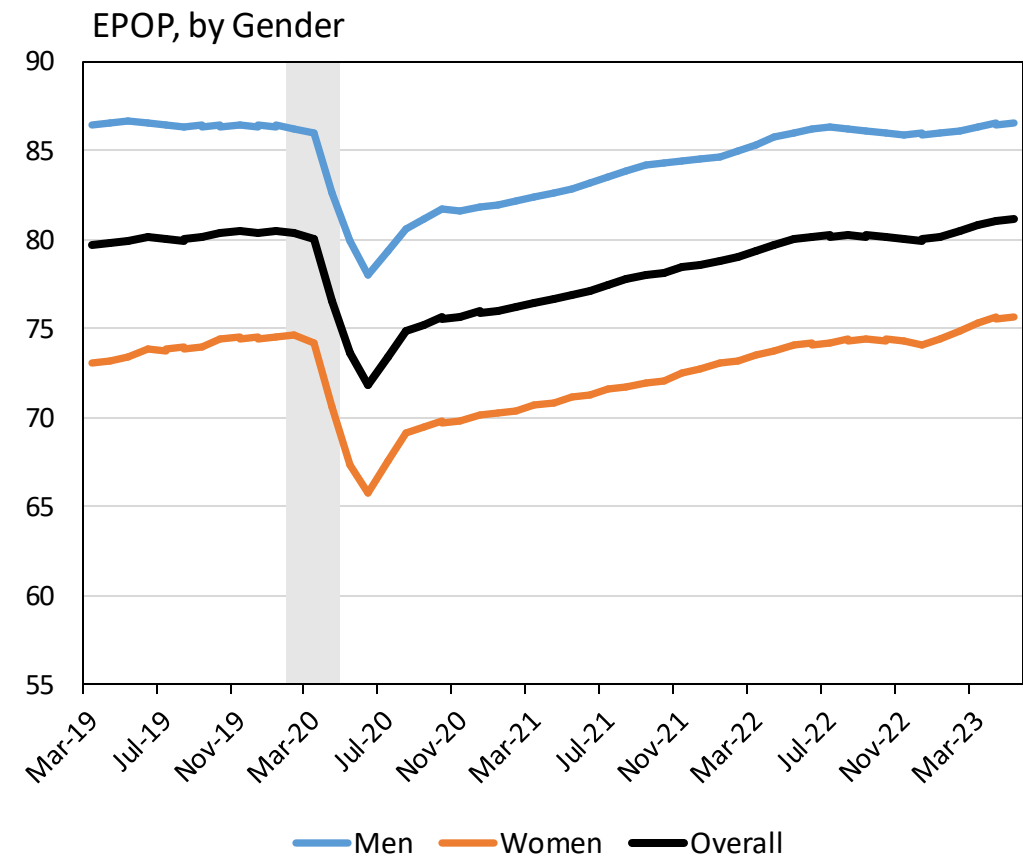
EPOP by Education



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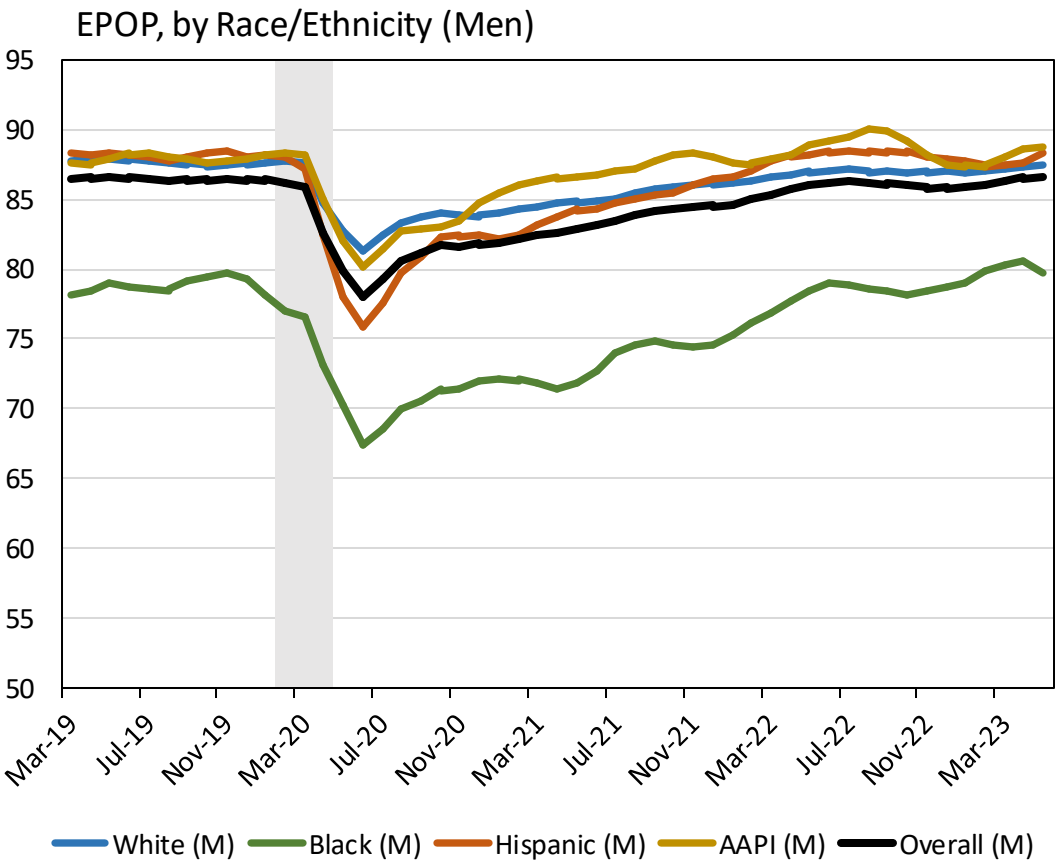
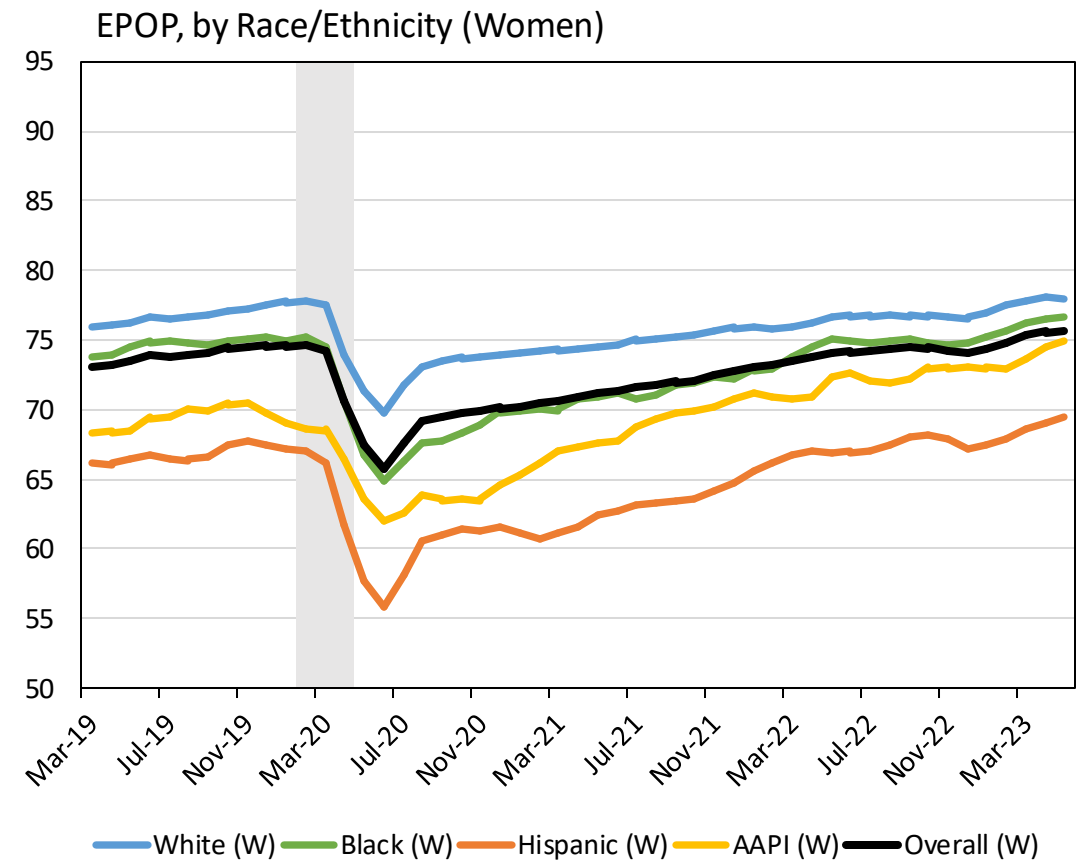
EPOP by Gender



Sources: U.S. Census Bureau/BLS - Current Population Survey Microdata; authors' calculations; three-month moving average.

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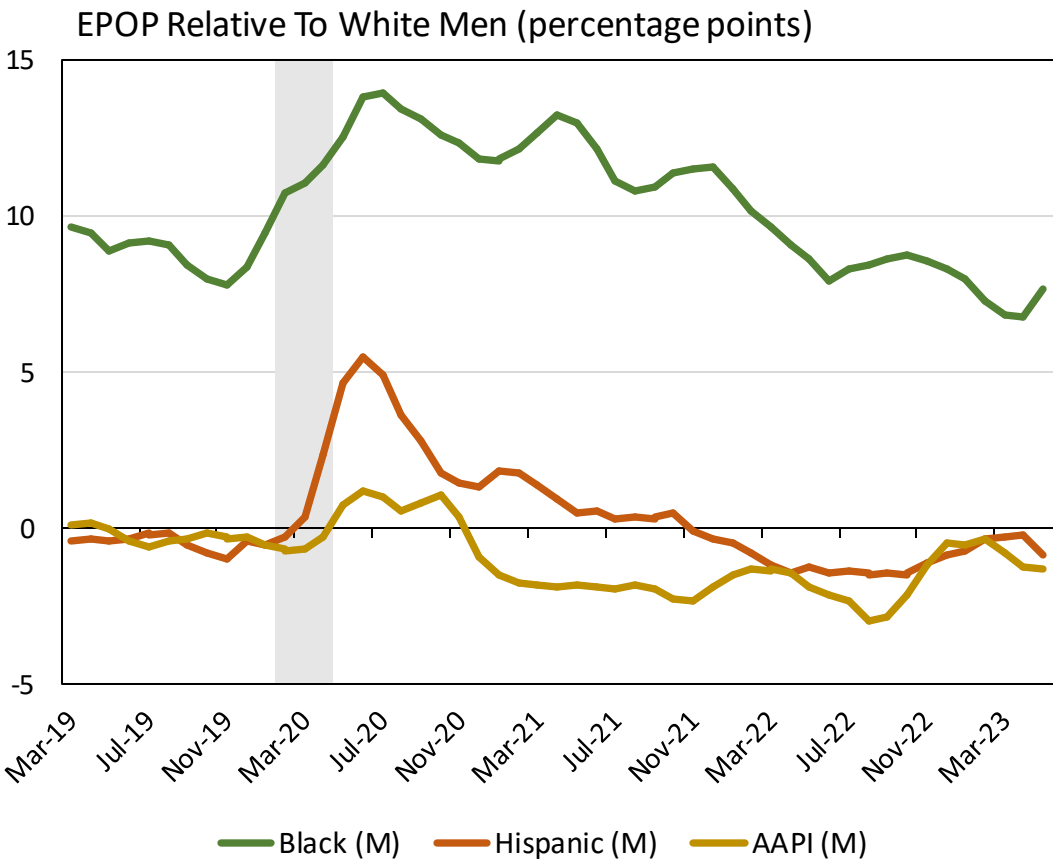
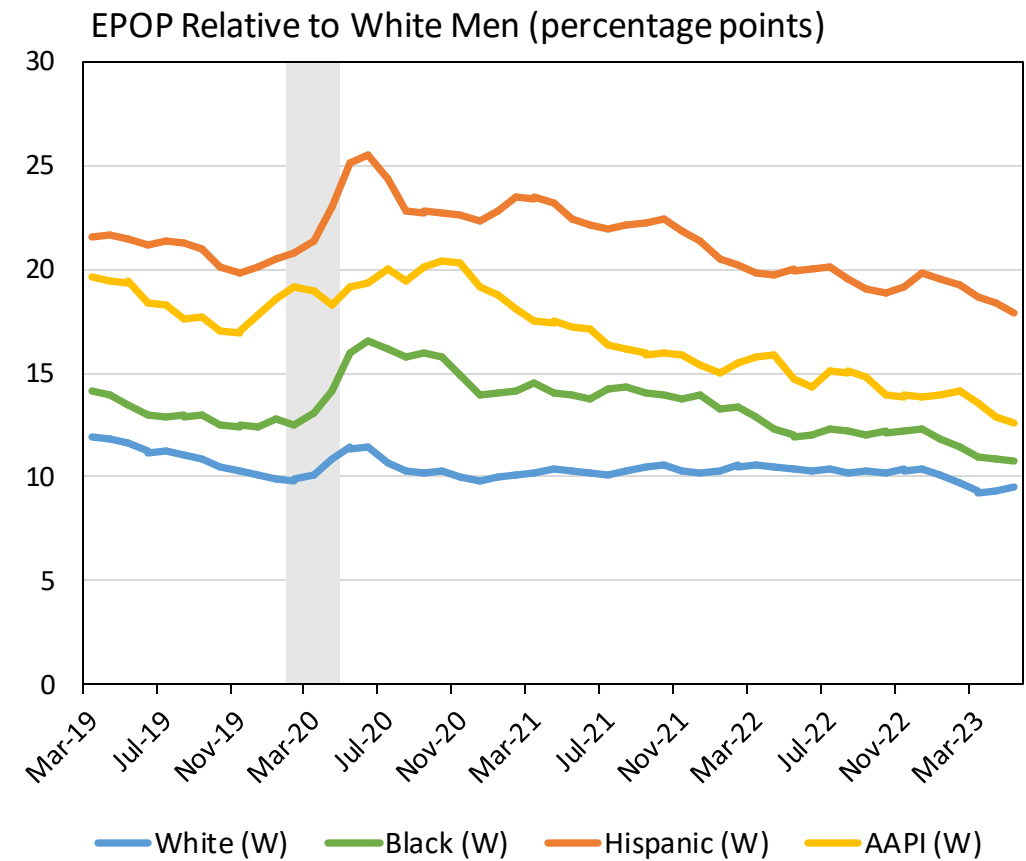
EPOP by Race x Gender



Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations; three-month moving average.

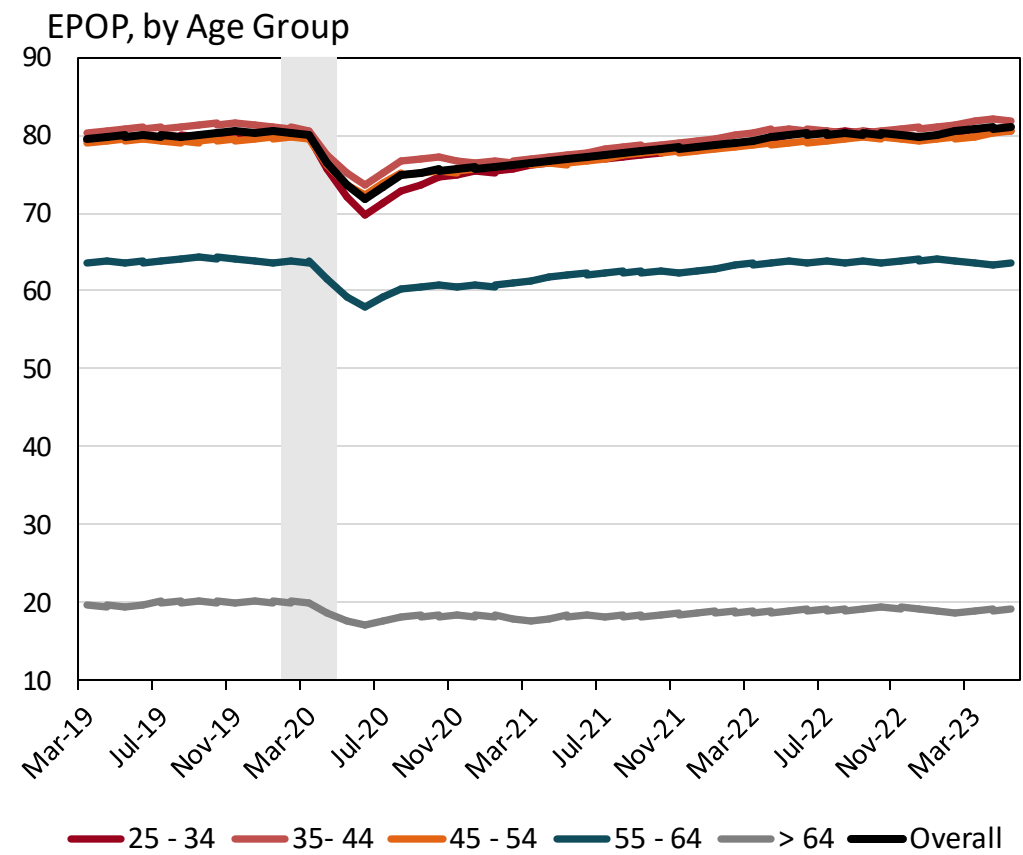
Notes: Restricted to prime aged individuals (25-54). Shaded region indicates the COVID-19 recession.

EPOP Gaps by Race x Gender



Sources: U.S. Census Bureau/BLS-Current Population Survey Microdata; authors' calculations; three-month moving average.
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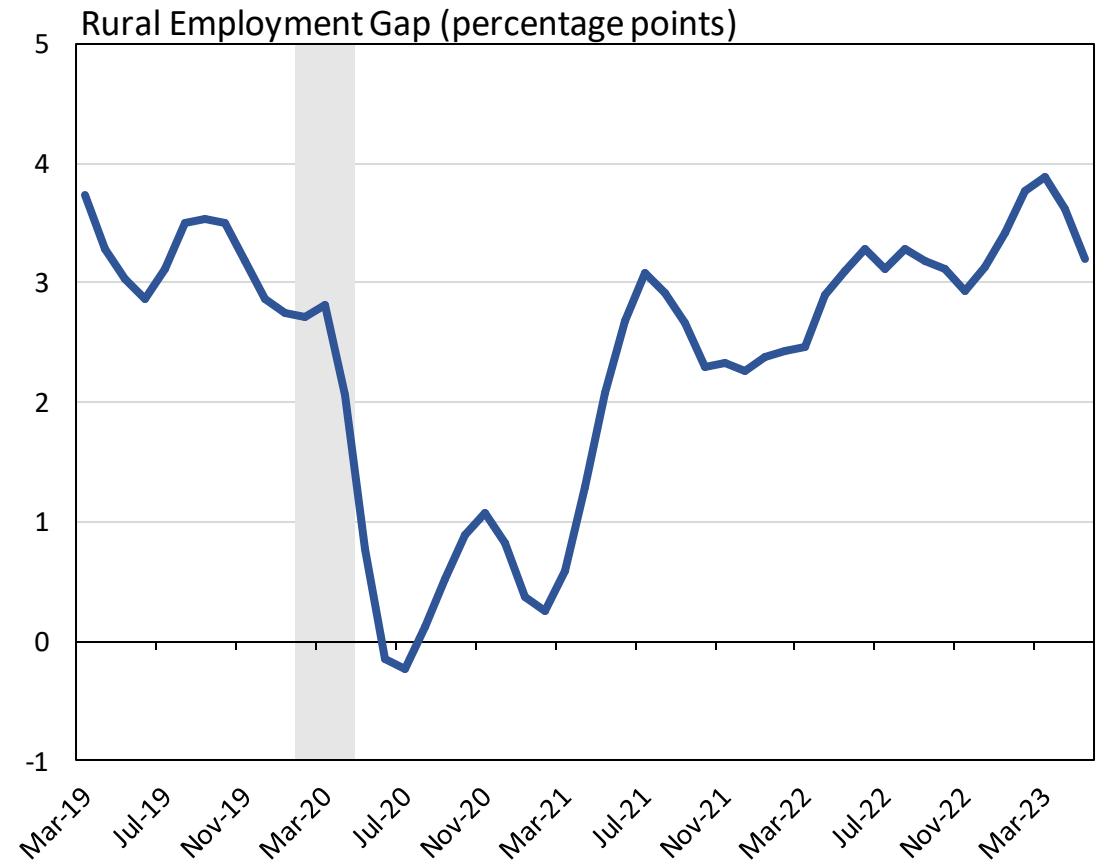
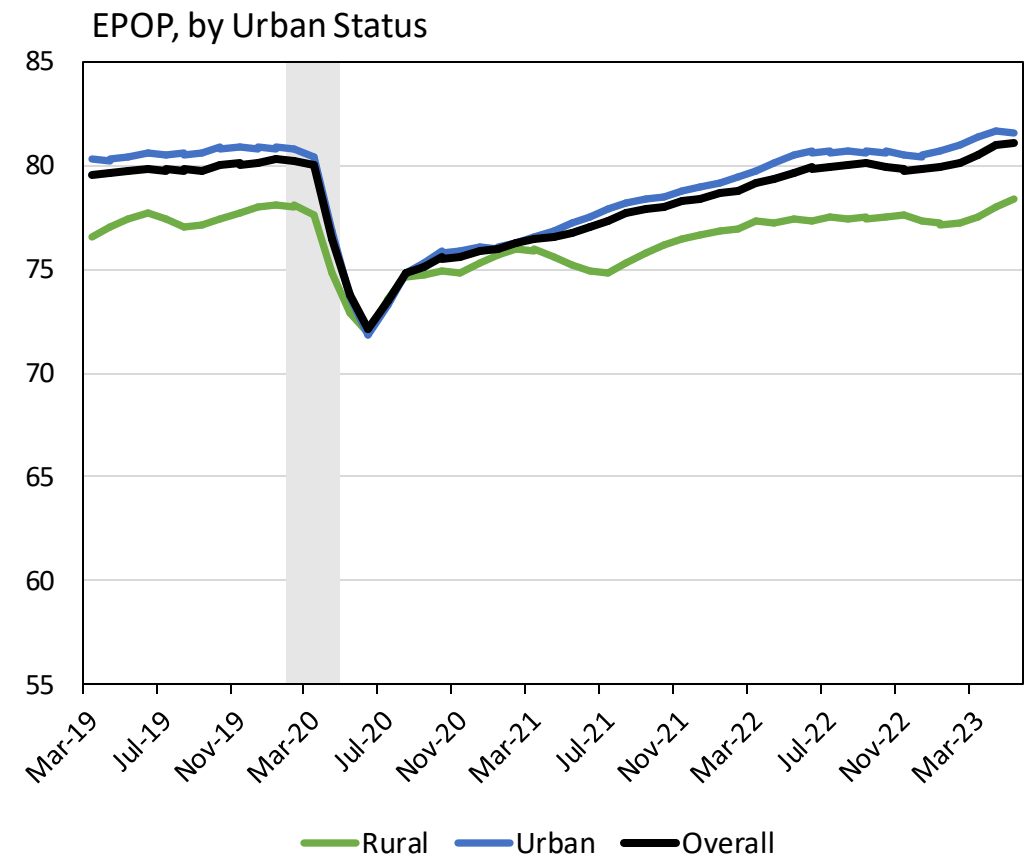
EPOP by Age



Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations; three-month moving average.

Notes: Overall line uses prime age (25-54) sample. Shaded region indicates the COVID-19 recession.

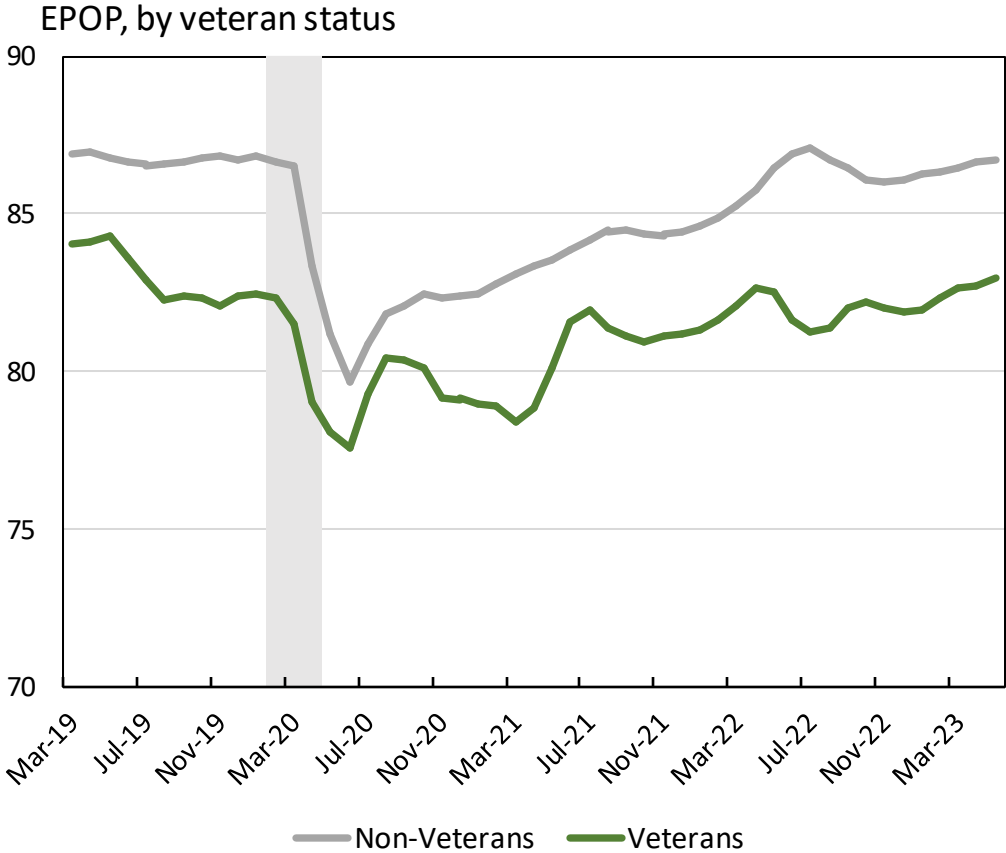
EPOP by Urban Status



Sources: U.S. Census Bureau/BLS-Current Population Survey Microdata; authors' calculations; three-month moving average.

Notes: Restricted to prime aged individuals (25-54). Shaded region indicates the COVID-19 recession.

EPOP by Veteran Status



Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations; three-month moving average.
Notes: Restricted to men, 25-55, with at least a high school diploma. Shaded region indicates the COVID-19 recession.

A group of five diverse people are seated around a table in a modern office environment. From left to right: a man with a beard seen from the back, a woman with short grey hair, a man with a beard, a man seen from the back, and a woman in a wheelchair. They are all looking towards the center of the table, suggesting a collaborative meeting. The background shows large windows and office furniture.

EMPLOYMENT

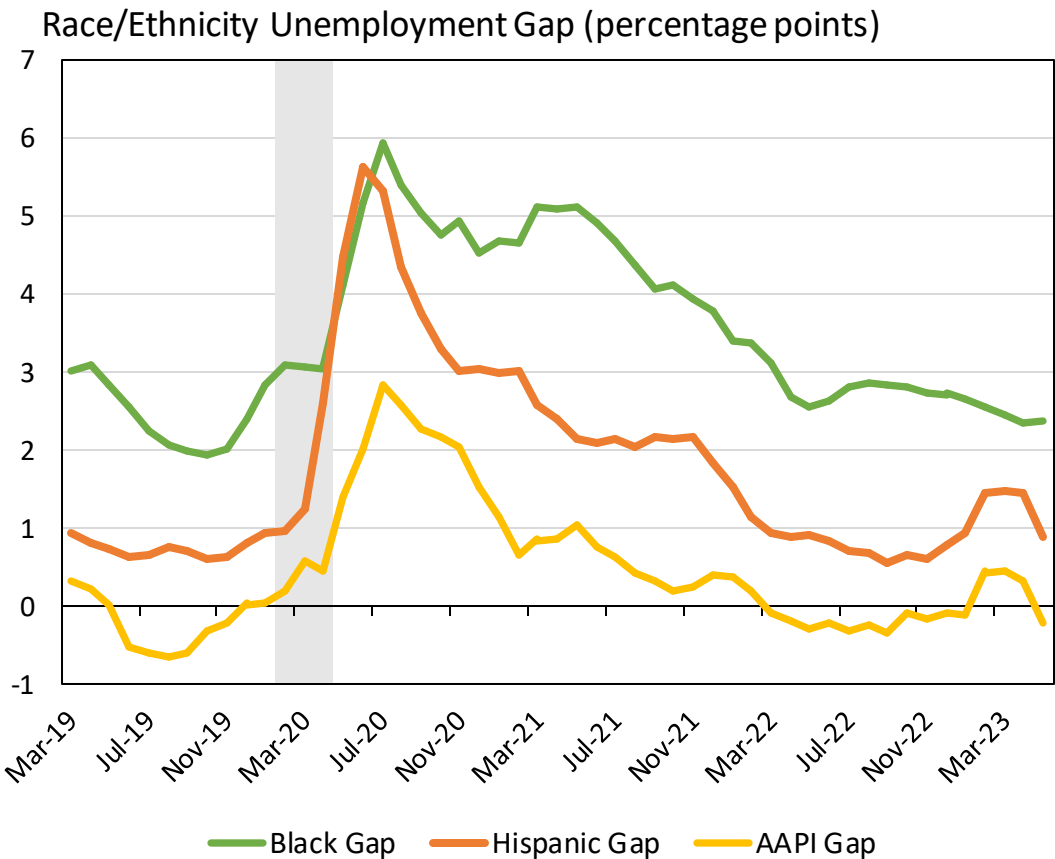
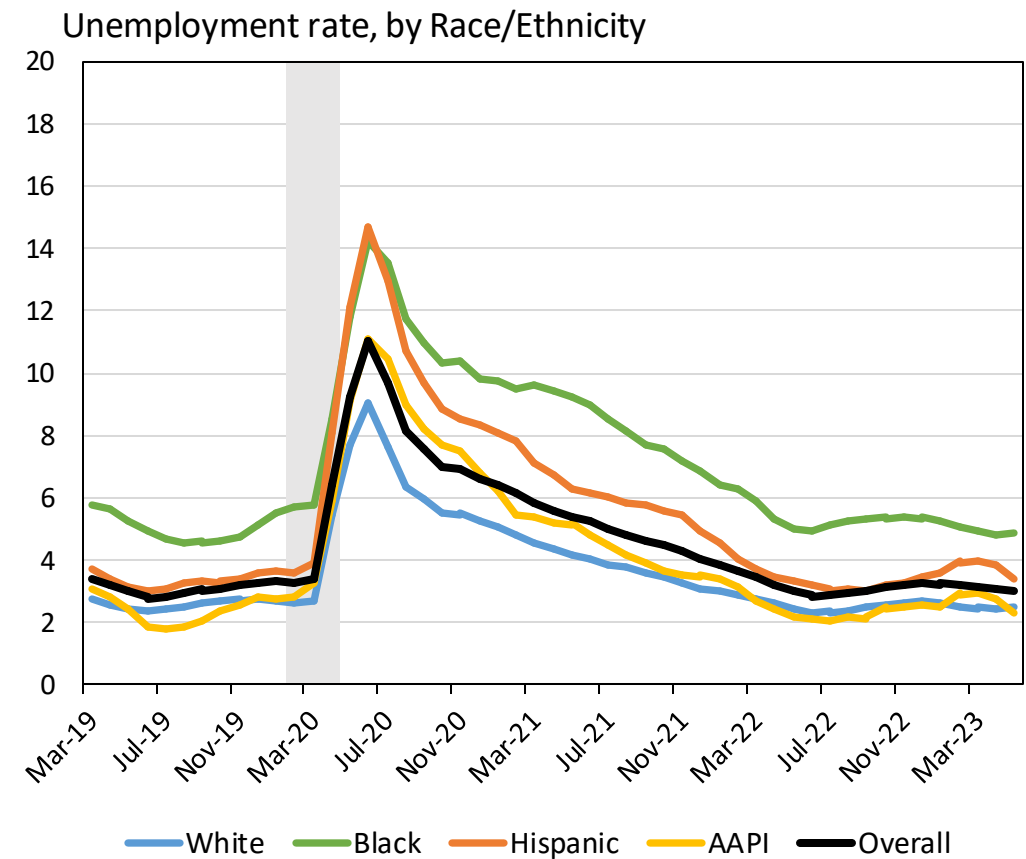
Unemployment Rate

Takeaways | Unemployment Rate

- We define unemployment rate as the fraction of unemployed in the labor force. The overall unemployment rate peaked at more than 11 percent during the pandemic but has since declined to pre-pandemic levels.
- Unemployment rate gaps increased during the pandemic but are now close to pre-pandemic levels.
- The unemployment rate gap for Hispanic workers declined in May 2023, retracing back some of the rise since the beginning of the year.
- Unemployment rate gaps are highest for the young, followed by Black workers, and by people without a college degree. While EPOP gaps for Black workers have been closing, unemployment rate gaps for Black workers have been declining much more gradually.
- Veterans and comparable* nonveterans have had essentially the same unemployment rate since the pandemic.

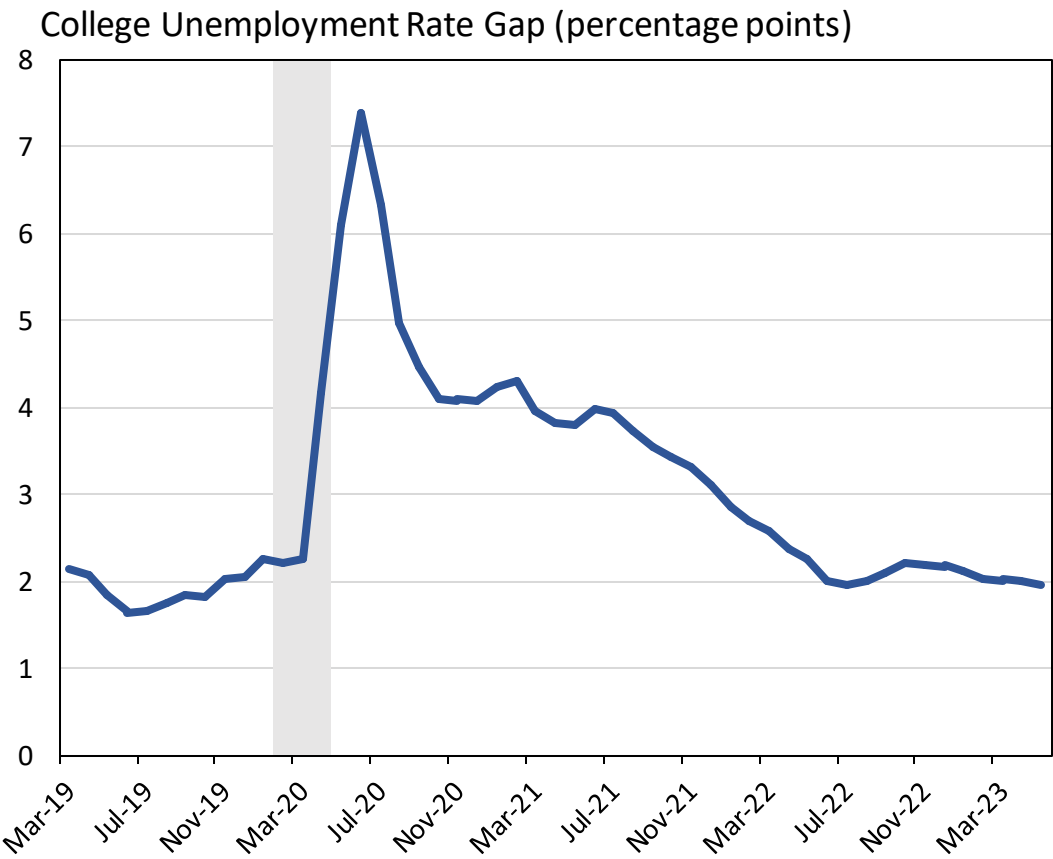
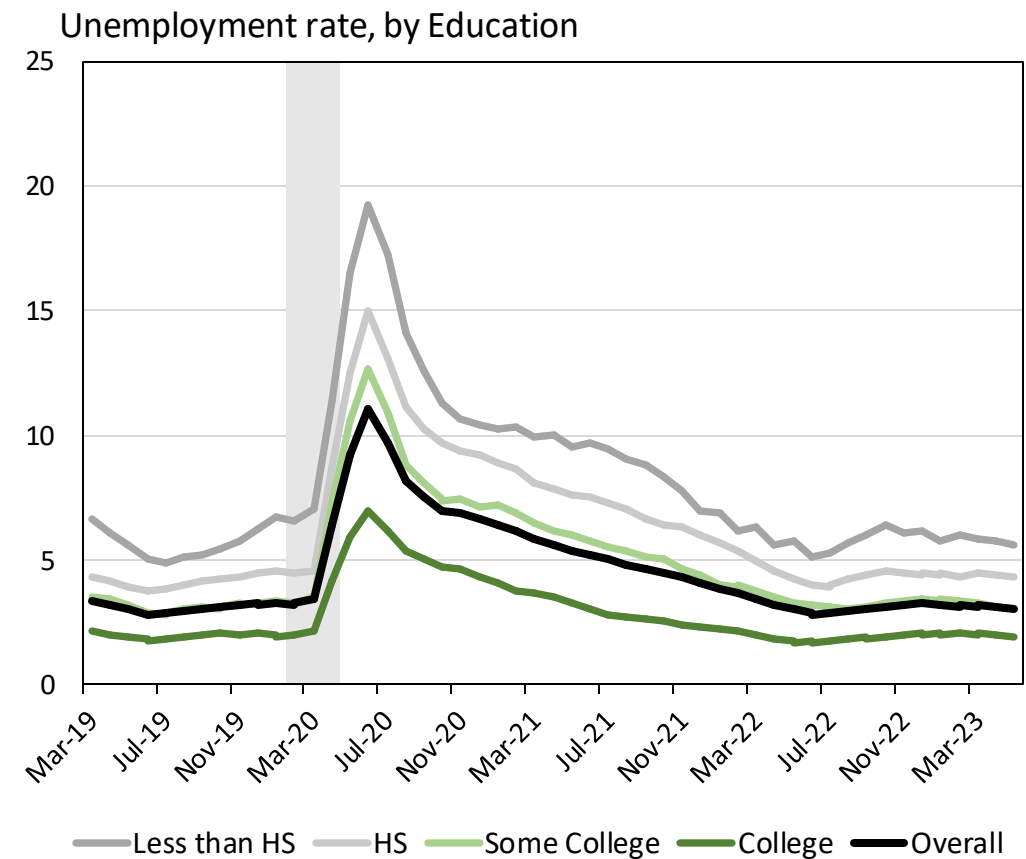
**Comparable nonveterans are male high school graduates reweighted by age, race and birthplace to match veterans.*

Unemployment Rate by Race/Ethnicity



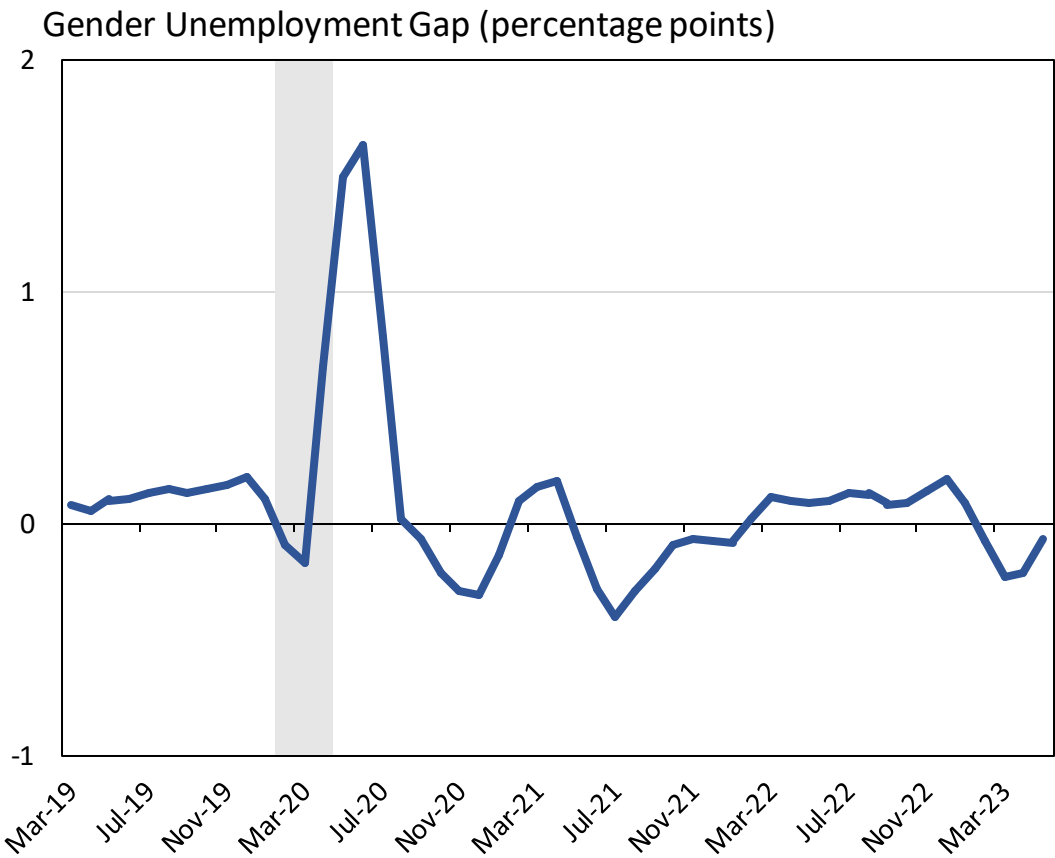
Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations, three-month moving averages.
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Unemployment Rate by Education



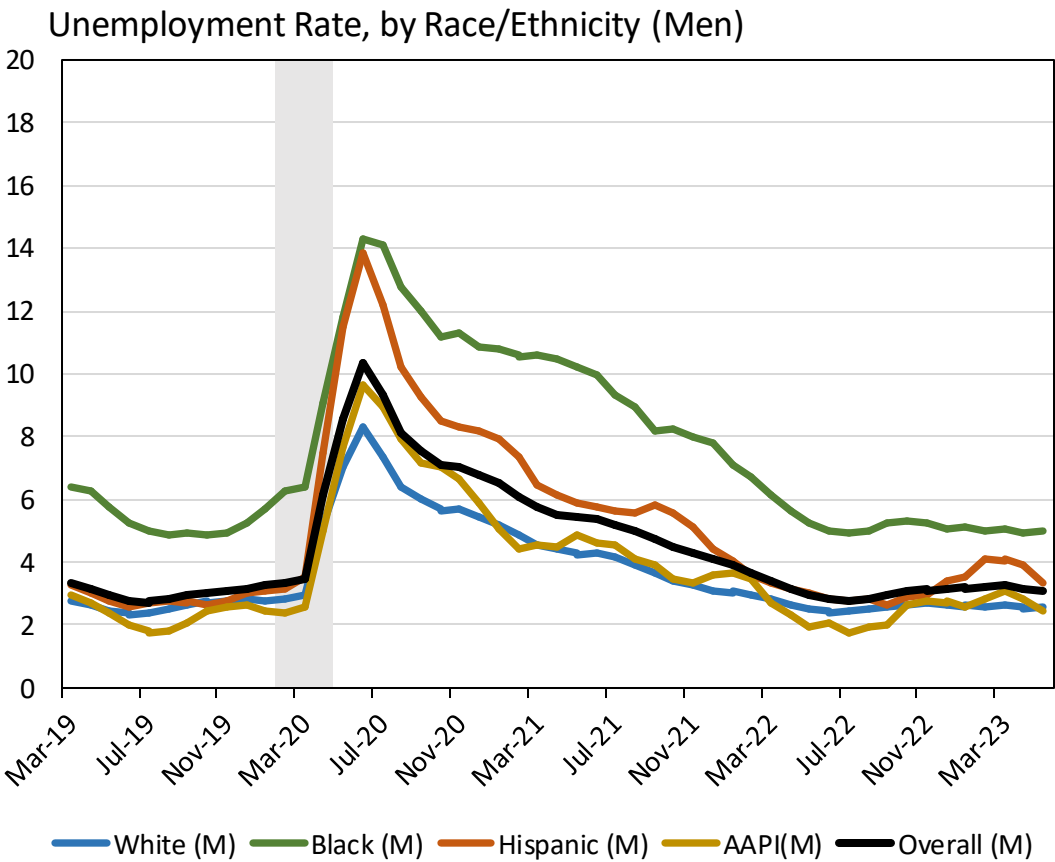
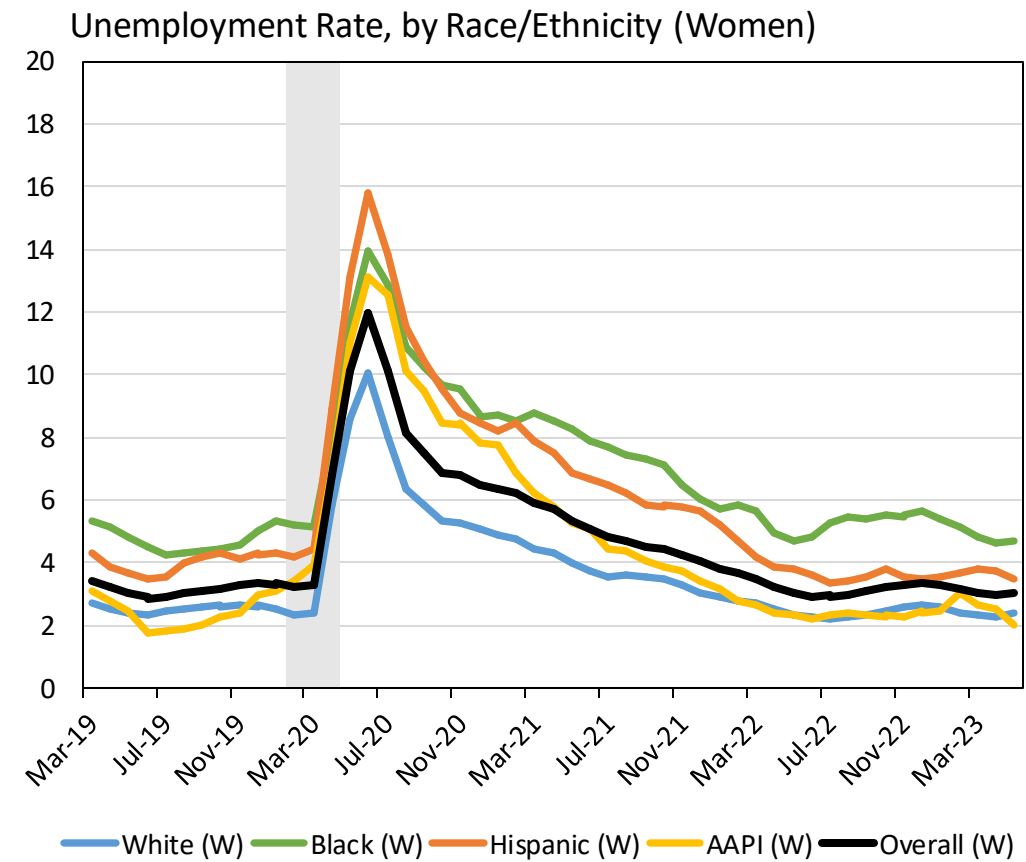
Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations, three-month moving averages.
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Unemployment Rate by Gender



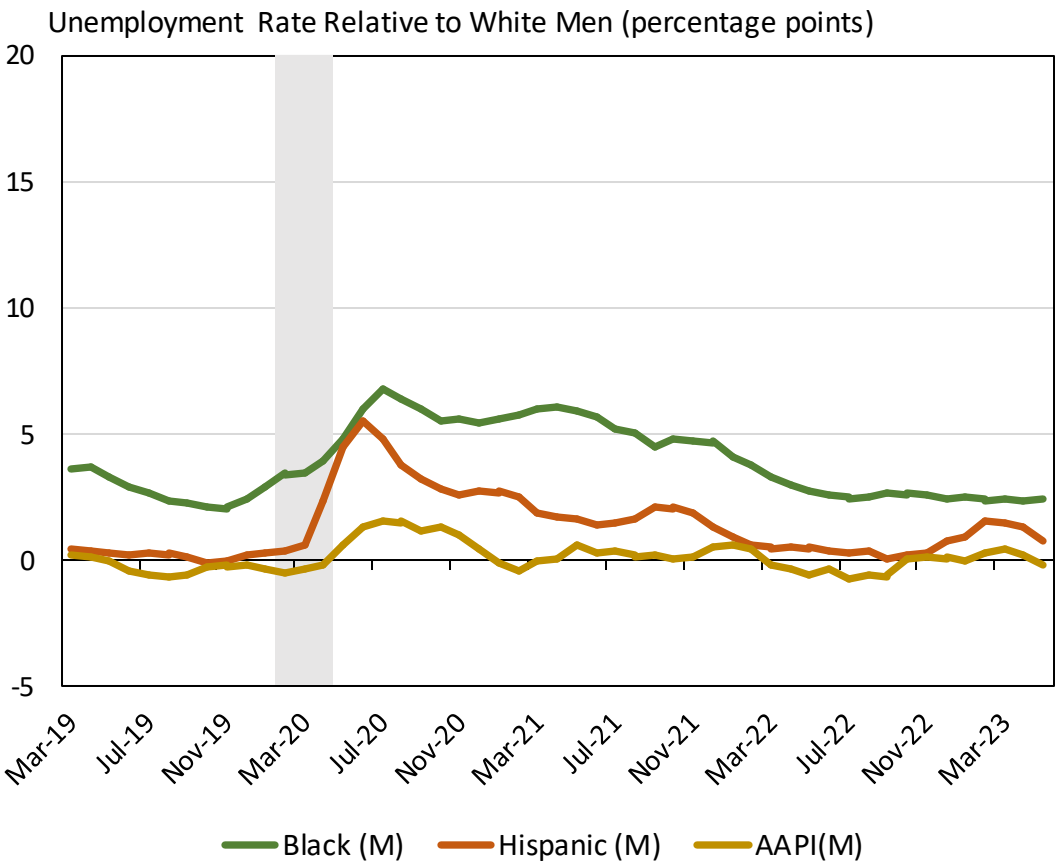
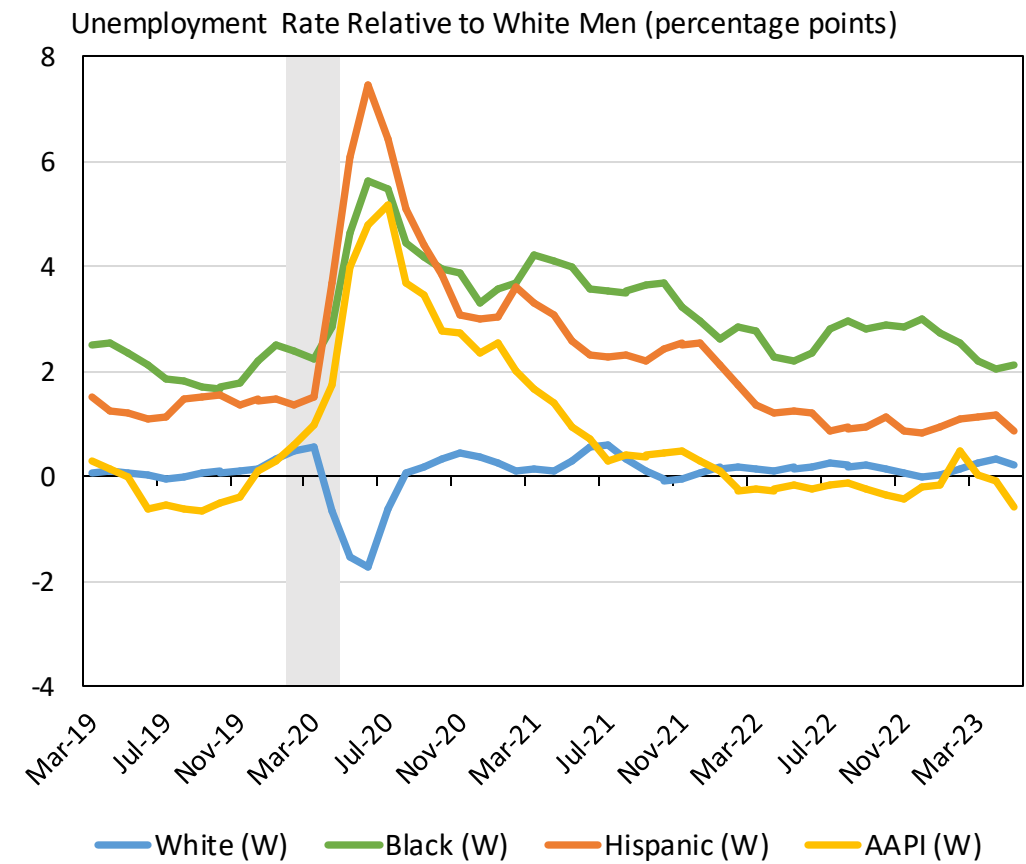
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Unemployment Rate by Race x Gender



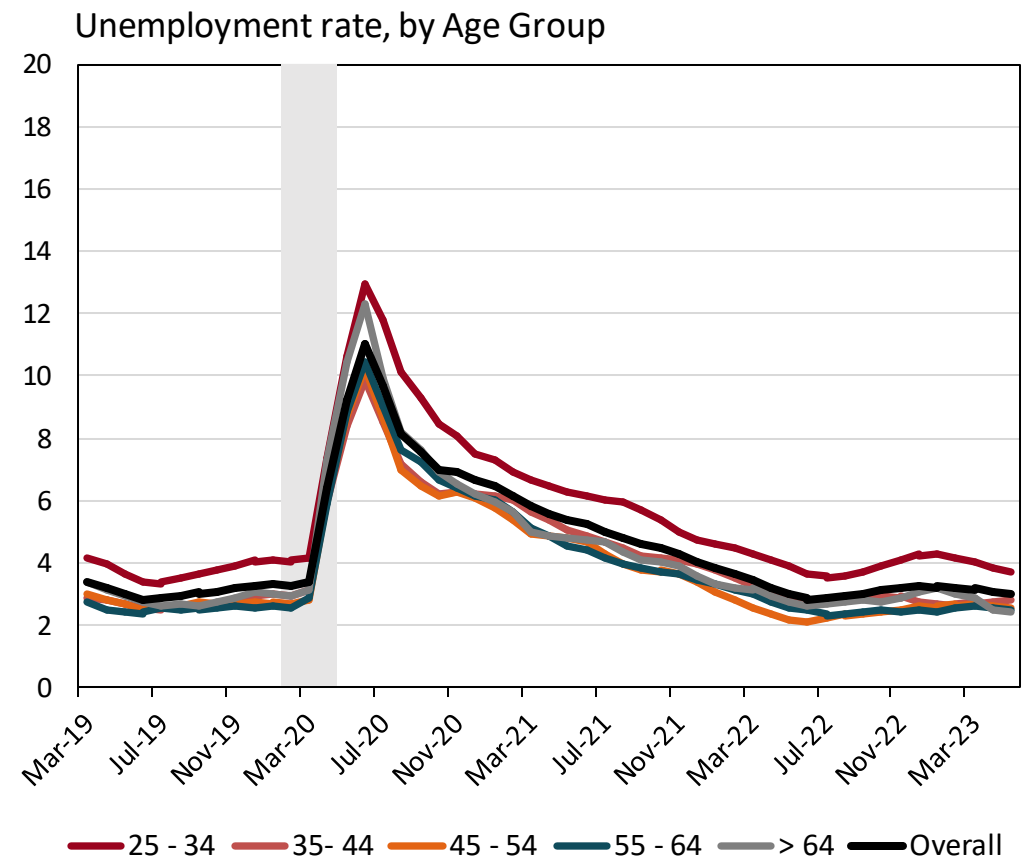
Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations, three-month moving averages.
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Unemployment Rate Gaps by Race x Gender



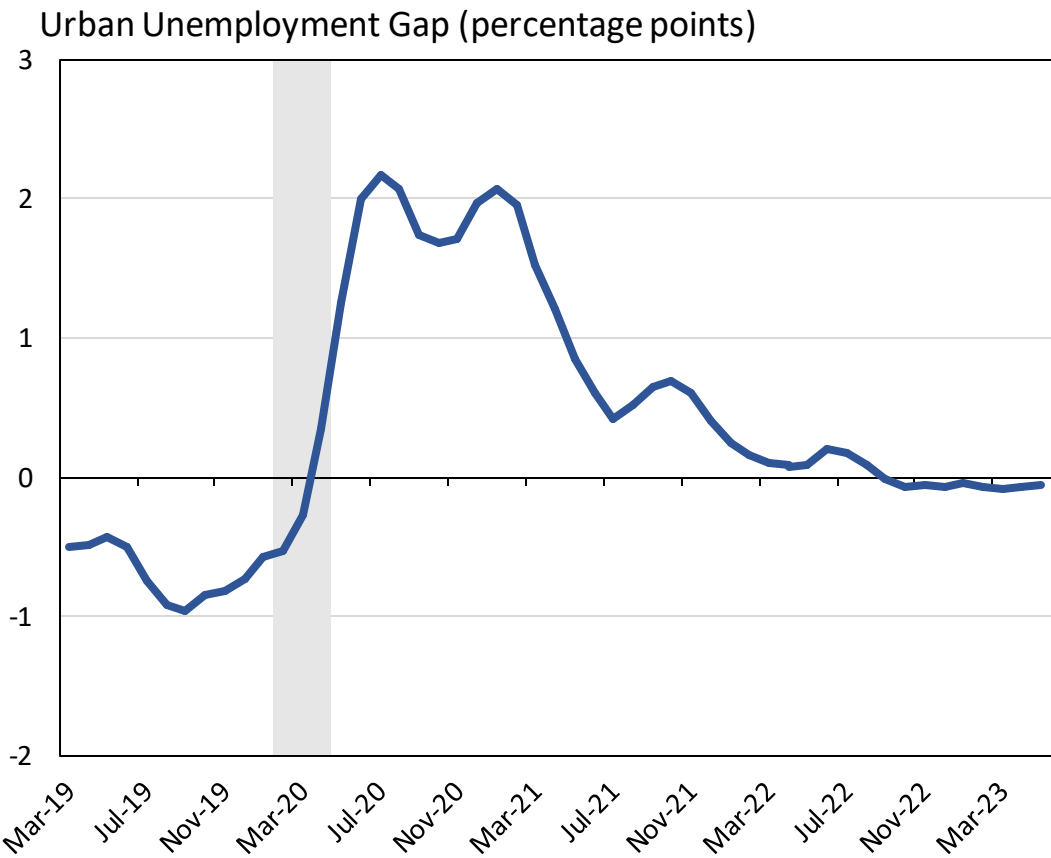
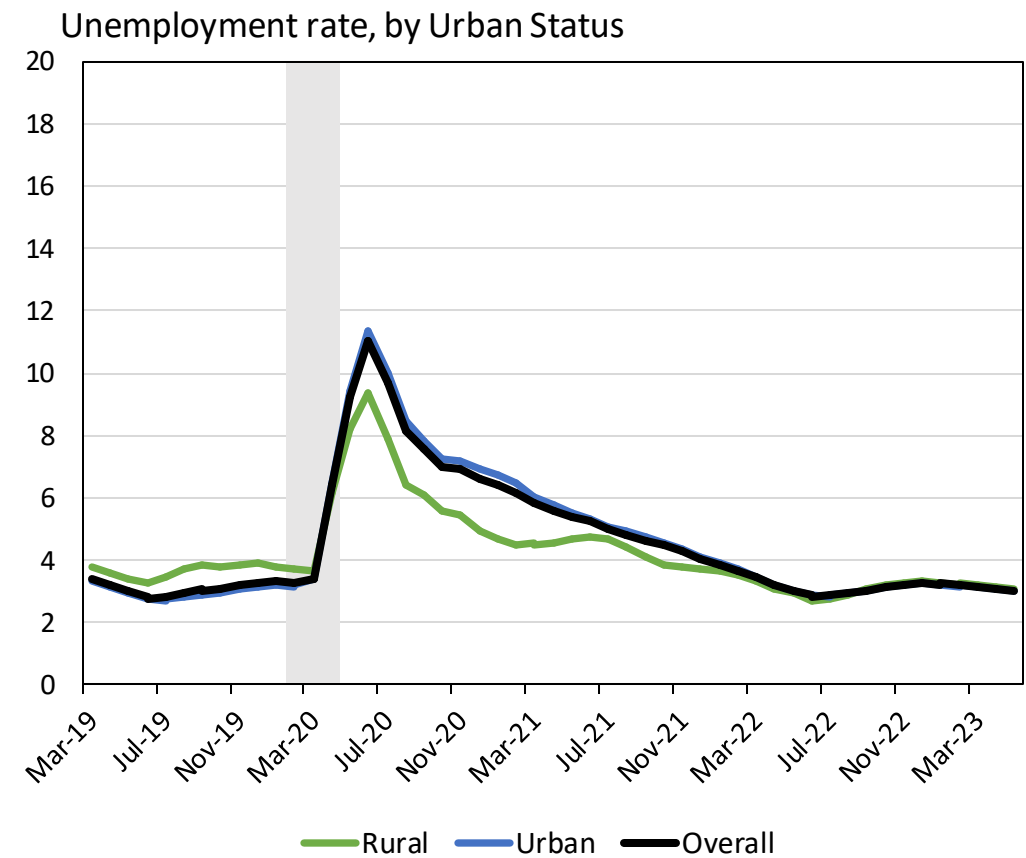
Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations, three-month moving averages.
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Unemployment Rate by Age



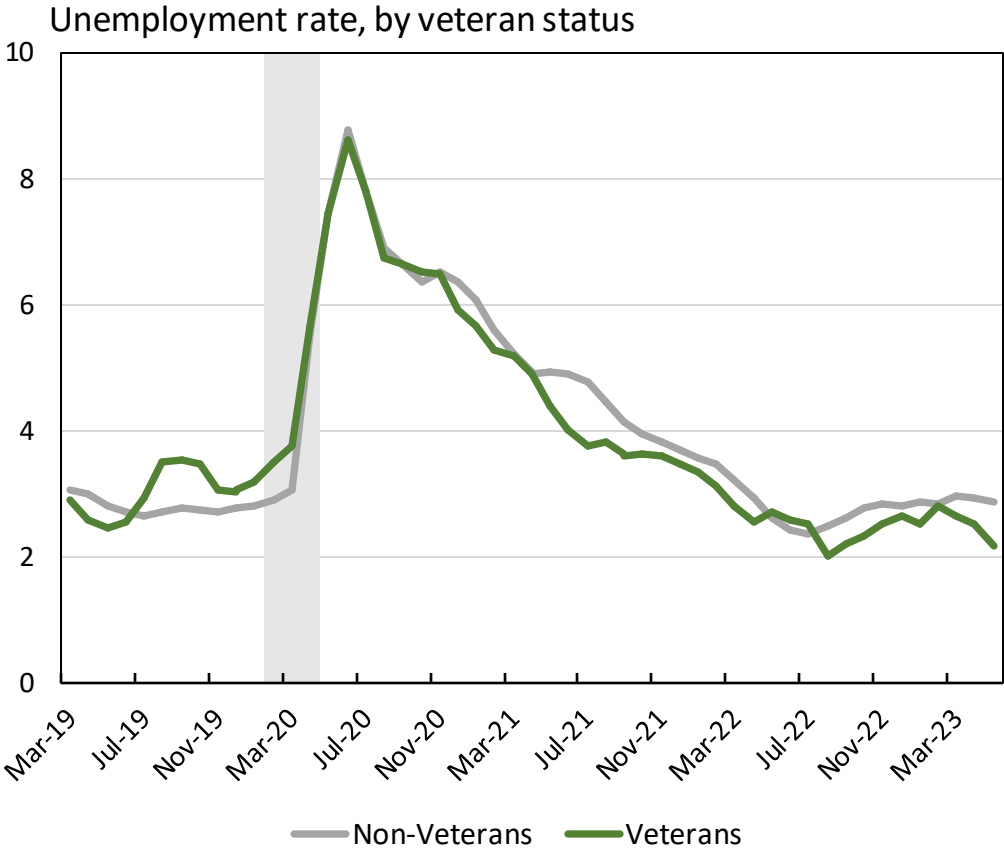
Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations, three-month moving averages.
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Unemployment Rate by Urban Status



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Notes: Restricted to prime-aged individuals (25-54). Shaded region indicates the COVID-19 recession.

Unemployment Rate by Veteran Status



Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations, **three**-month moving averages.
Notes: Restricted to men, 25-55, with at least a high school diploma. Shaded region indicates the COVID-19 recession.

A group of five diverse people are seated around a table in a modern office setting, engaged in a meeting. One person is in a wheelchair. The scene is viewed through a large window, and the image has a dark, semi-transparent overlay. The word "EMPLOYMENT" is centered in a white box.

EMPLOYMENT

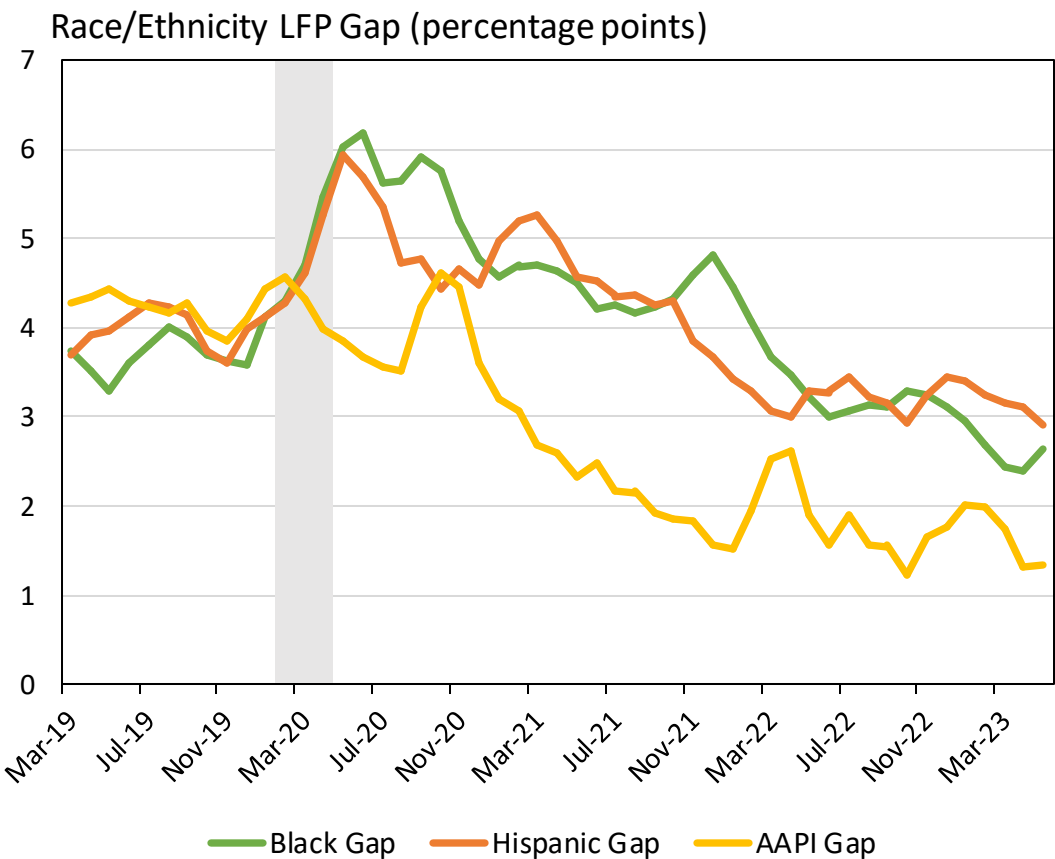
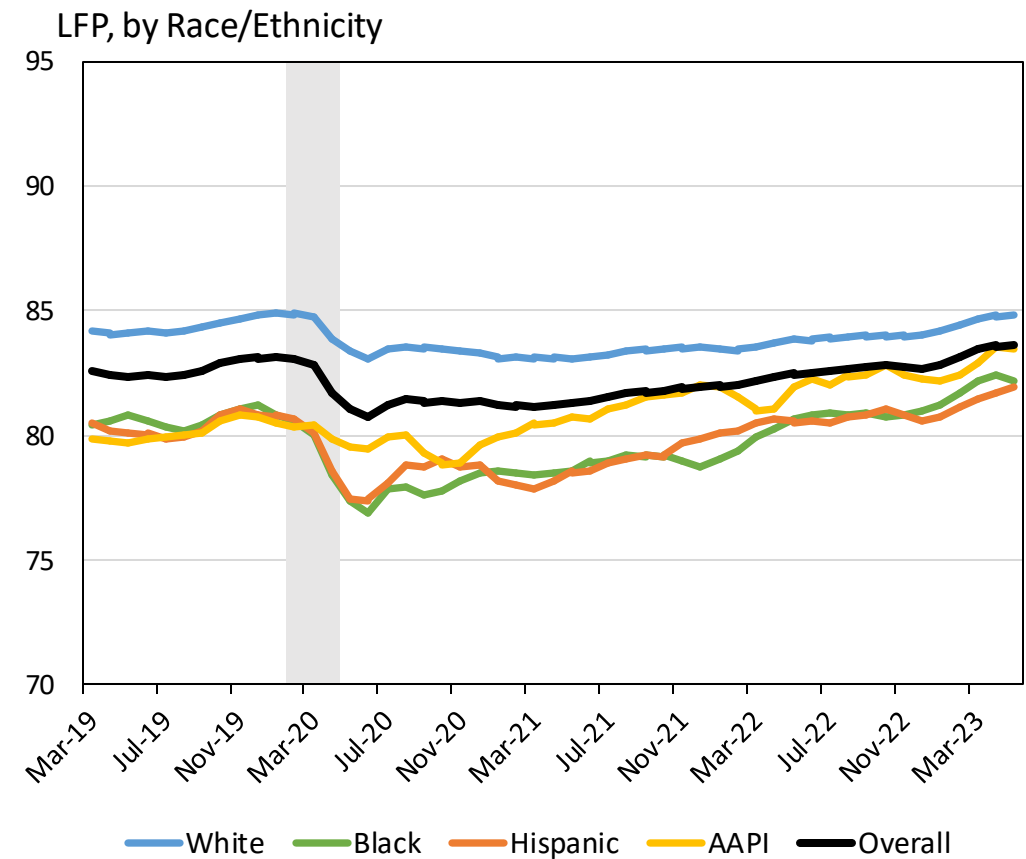
Labor Force Participation

Takeaways | Labor Force Participation

- Labor force participation rates (LFP) declined during the pandemic and are currently about half a percentage point above pre-pandemic levels.
- Black, Hispanic, and Asian workers have LFPs below the U.S. average. Asians' LFP was close to the LFP of Black workers and Hispanics in 2019, but it has risen to nearly the national average LFP.
- The LFP gender gap is large and the female LFP is almost 13 percentage points lower than the male LFP. The LFP gaps by age and education are larger.
- The LFP gender gap has been falling through the pandemic and the post-pandemic period.
- Veterans have lower LFP than comparable* nonveterans, and the gap has grown since 2019.

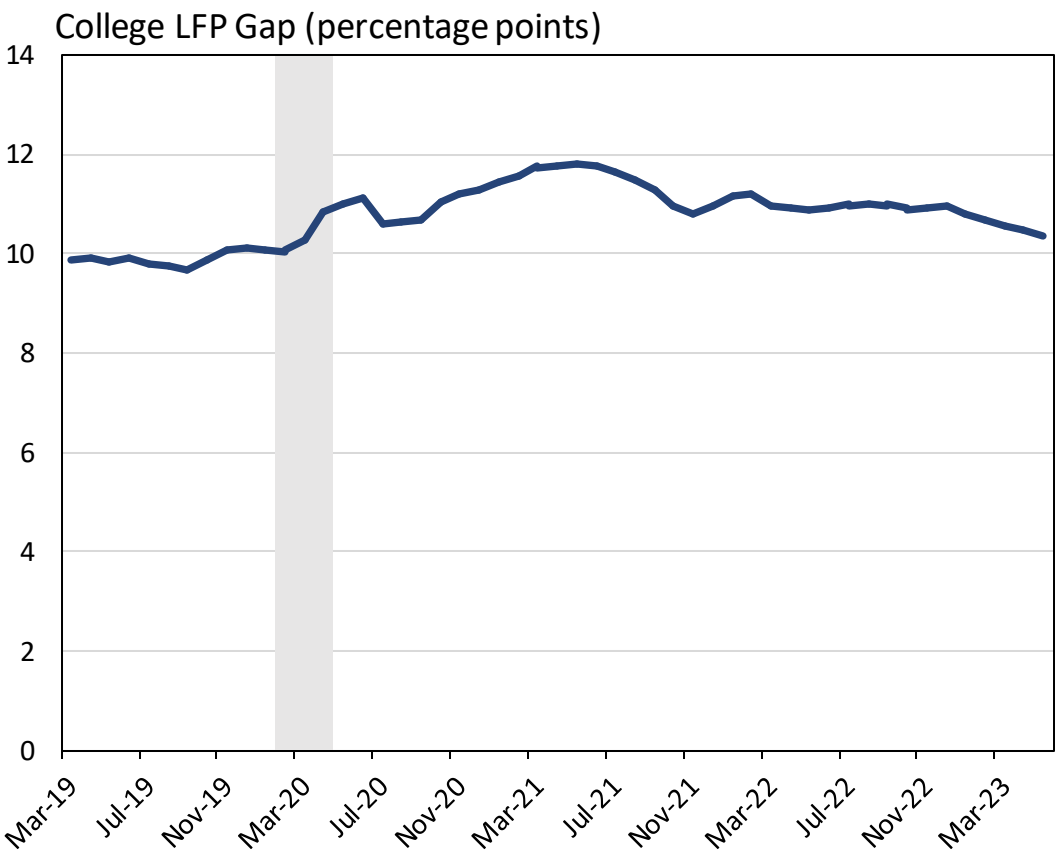
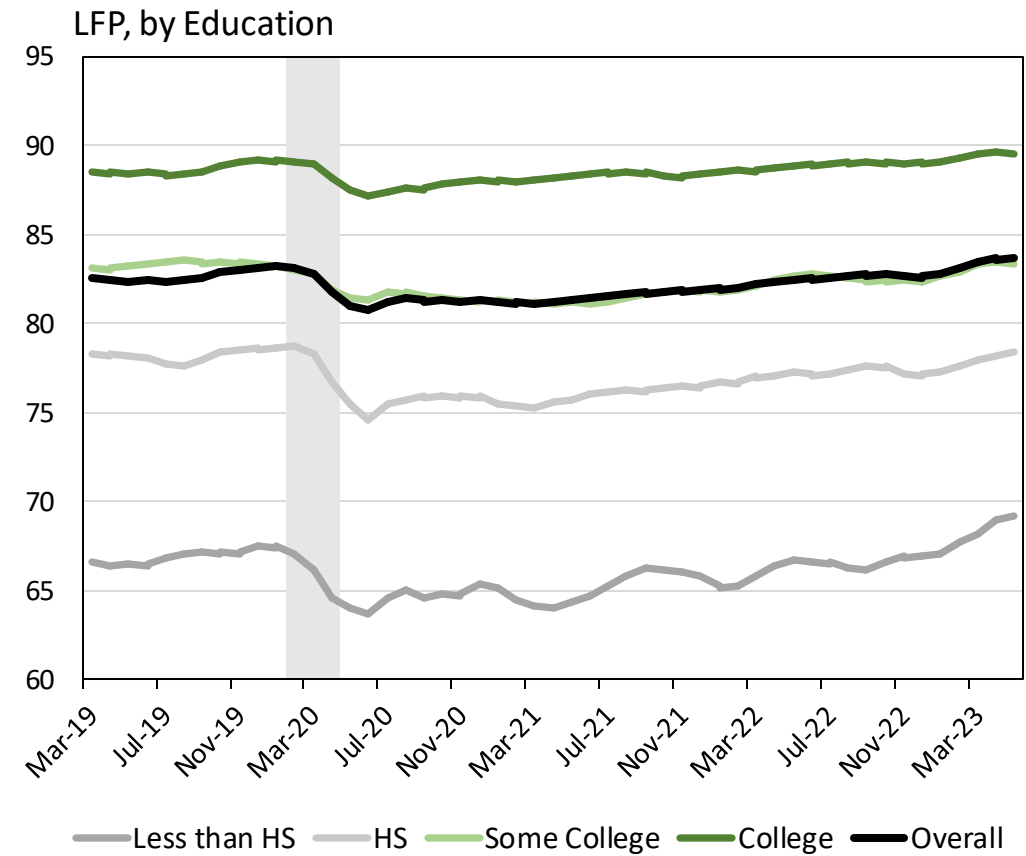
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Labor Force Participation by Race/Ethnicity



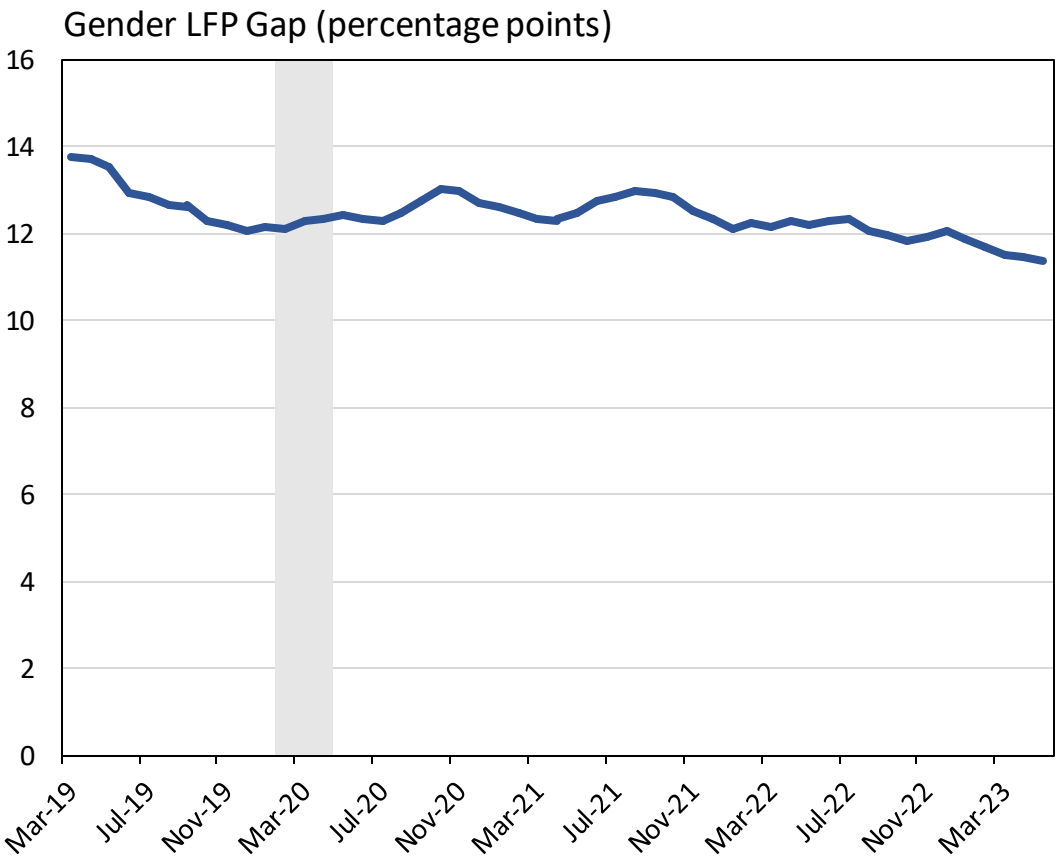
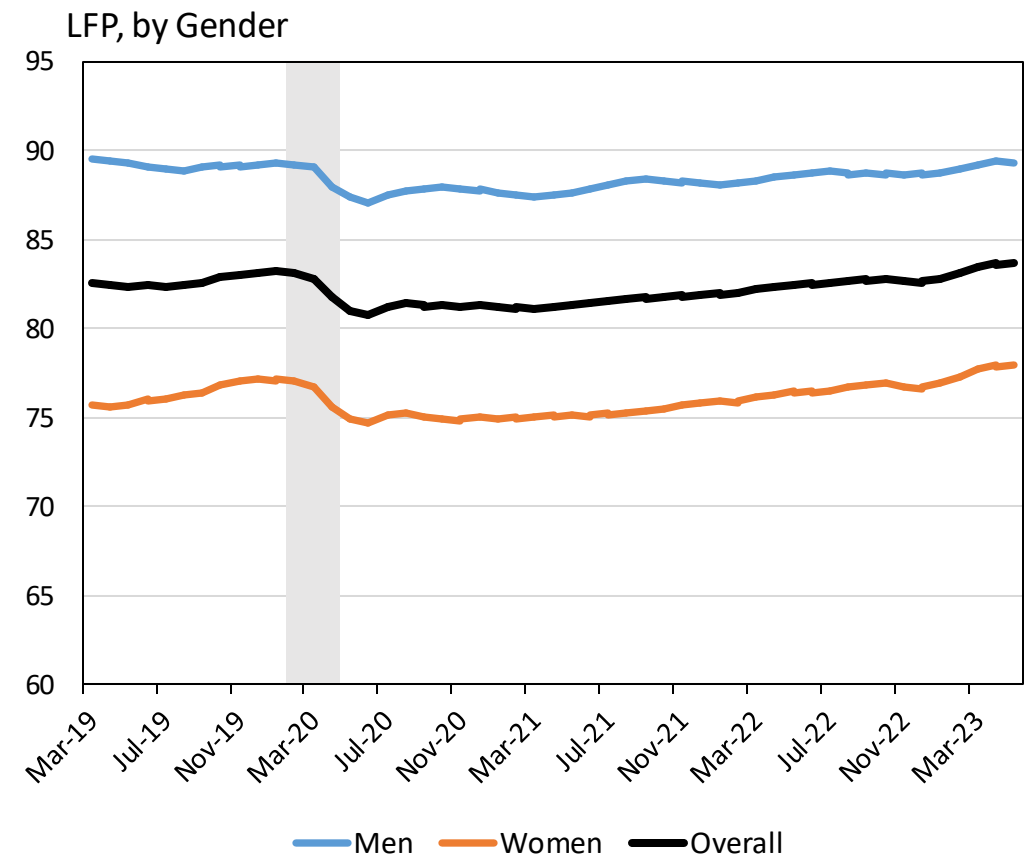
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Labor Force Participation by Education



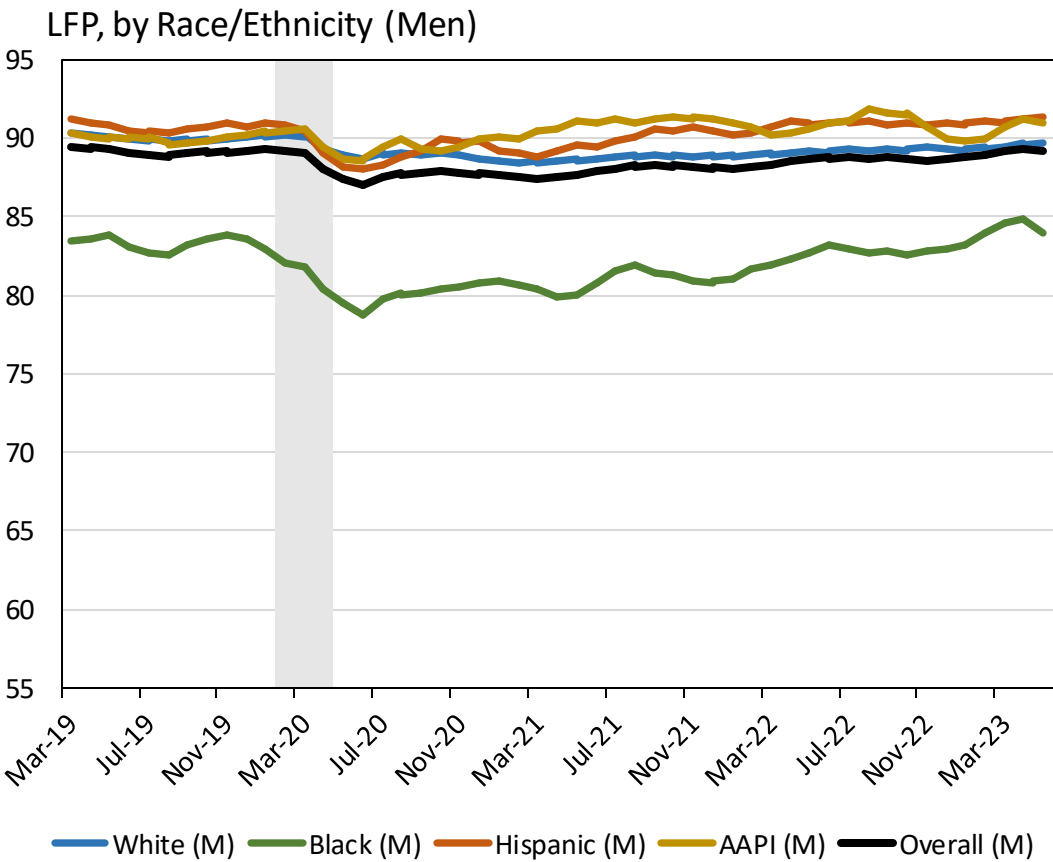
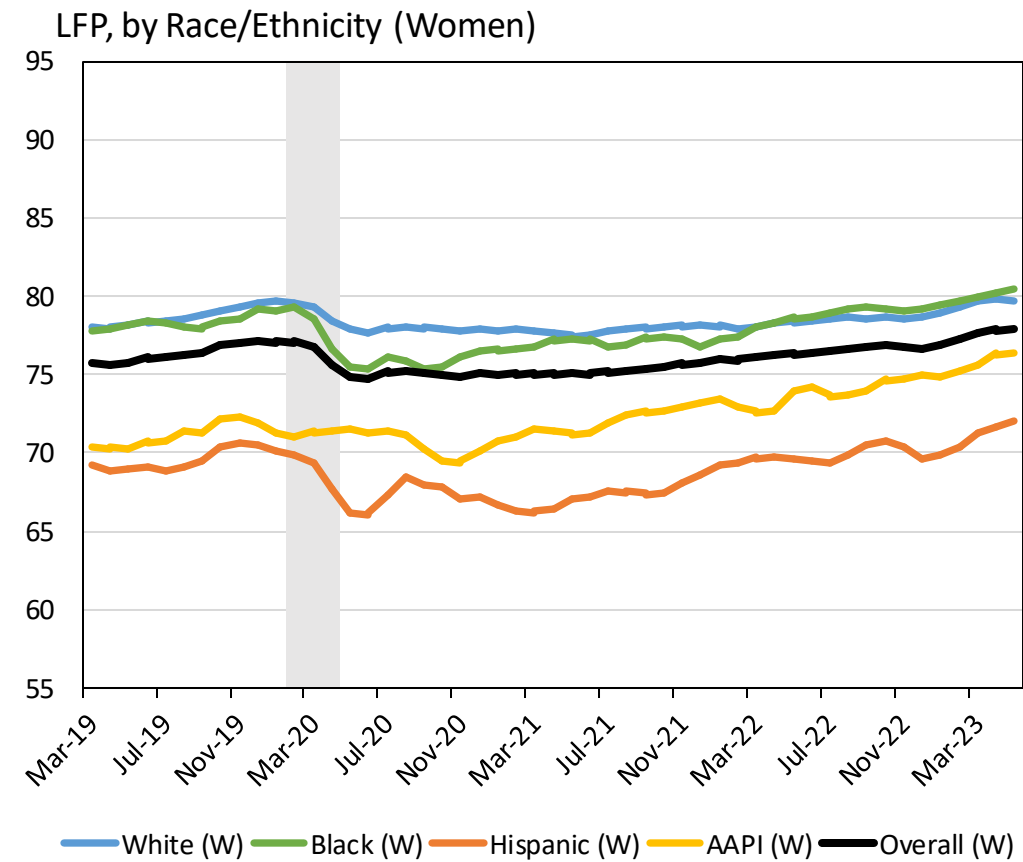
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Labor Force Participation by Gender



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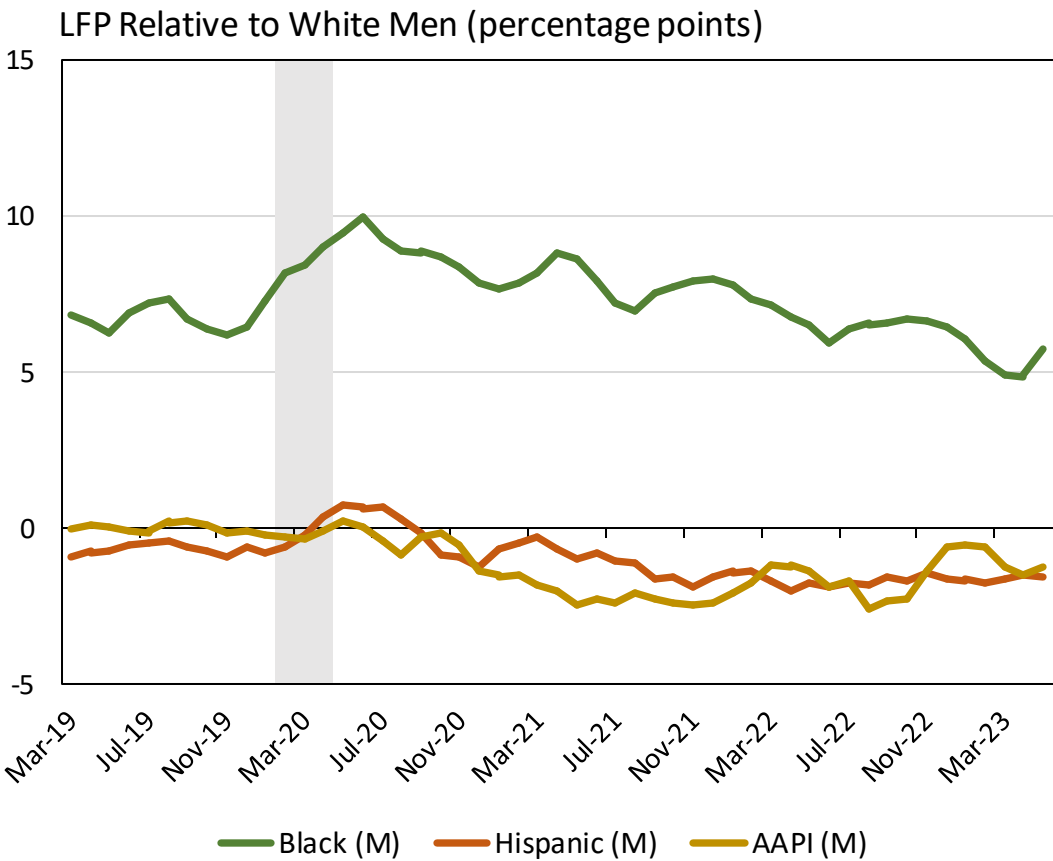
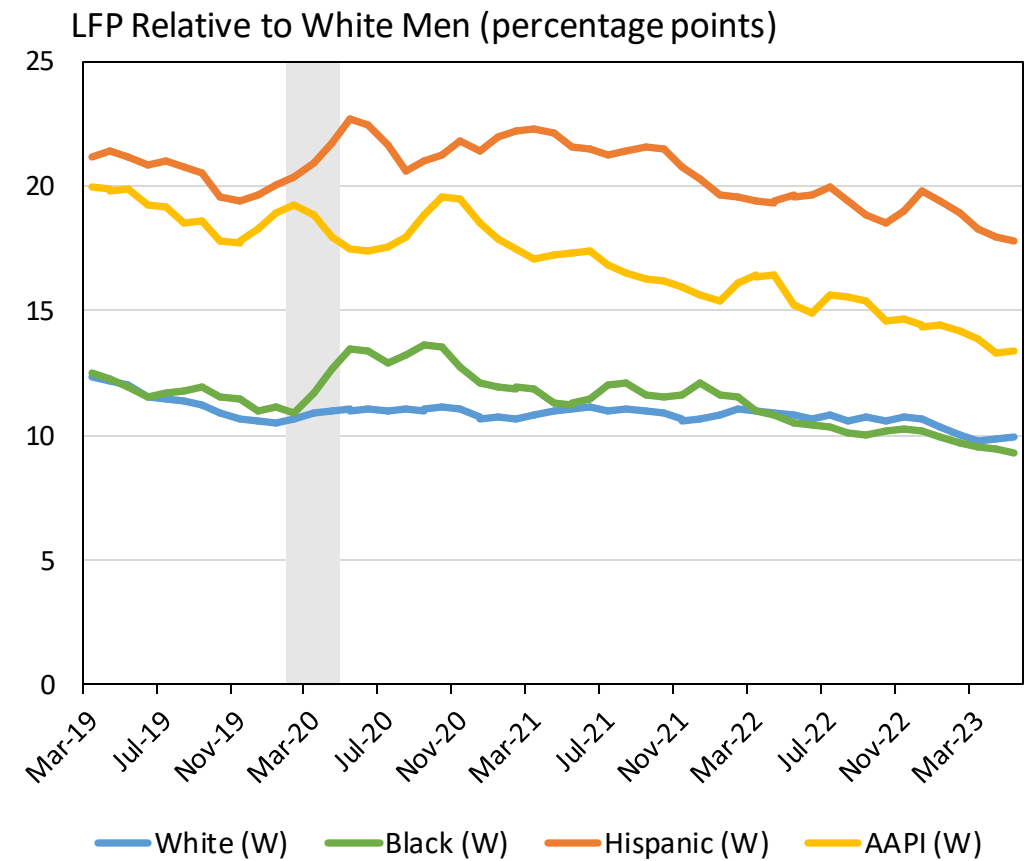
Labor Force Participation by Race x Gender



Sources: U.S. Census Bureau/BLS--Current Population Survey Microdata; authors' calculations; three-month moving averages.

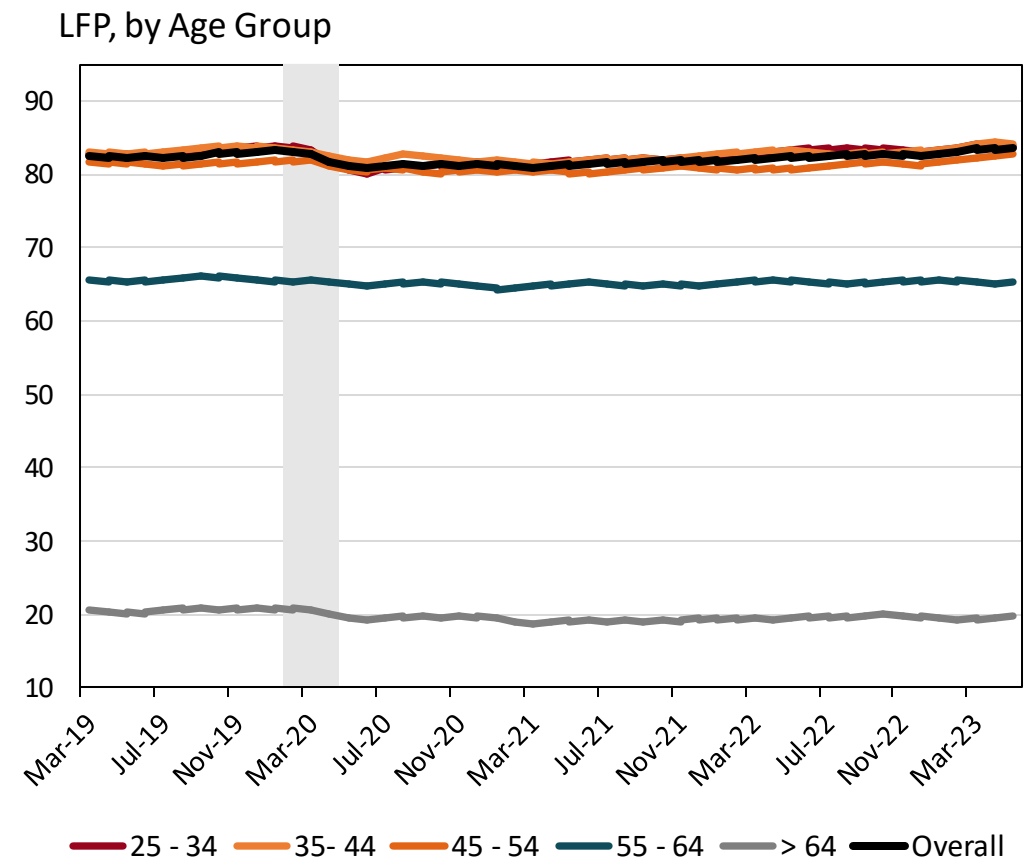
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Labor Force Participation Gaps by Race x Gender



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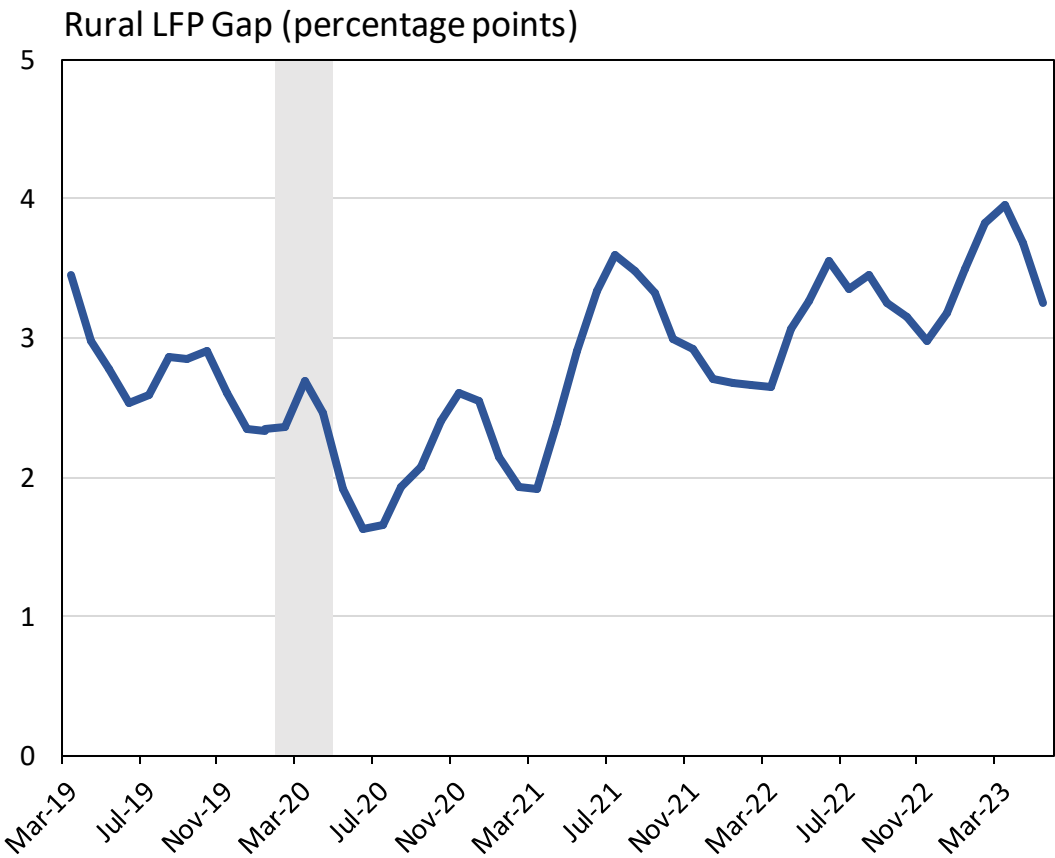
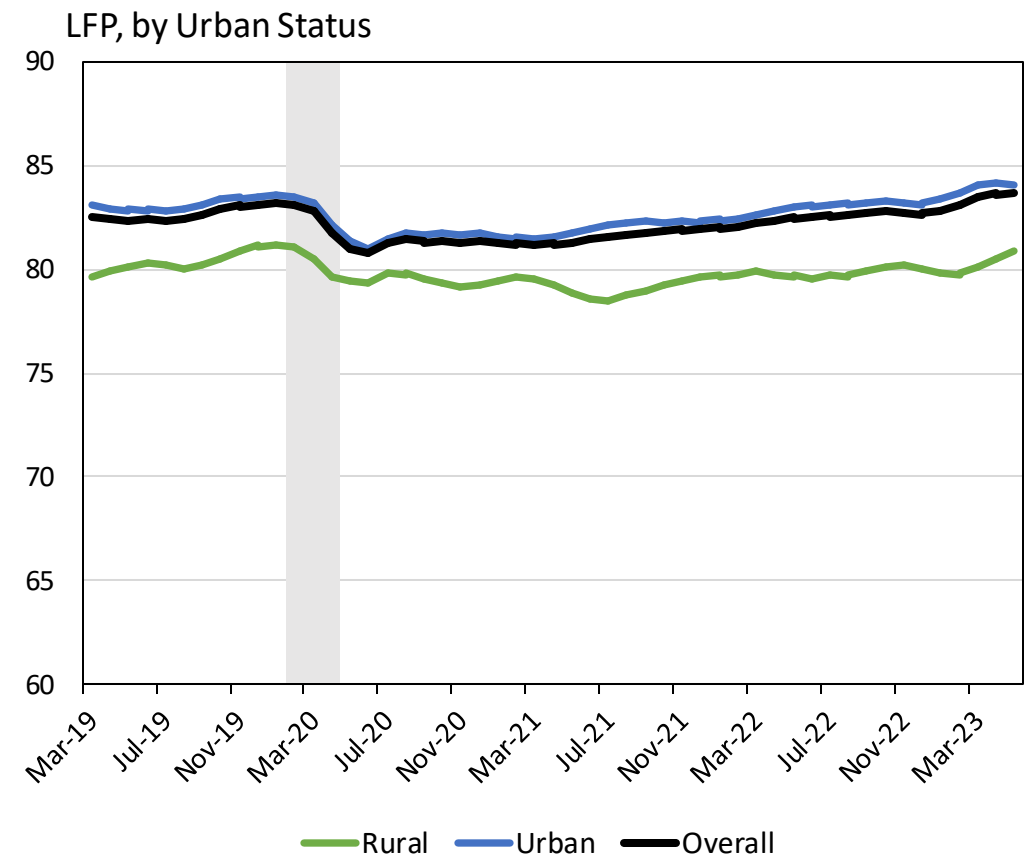
Labor Force Participation by Age



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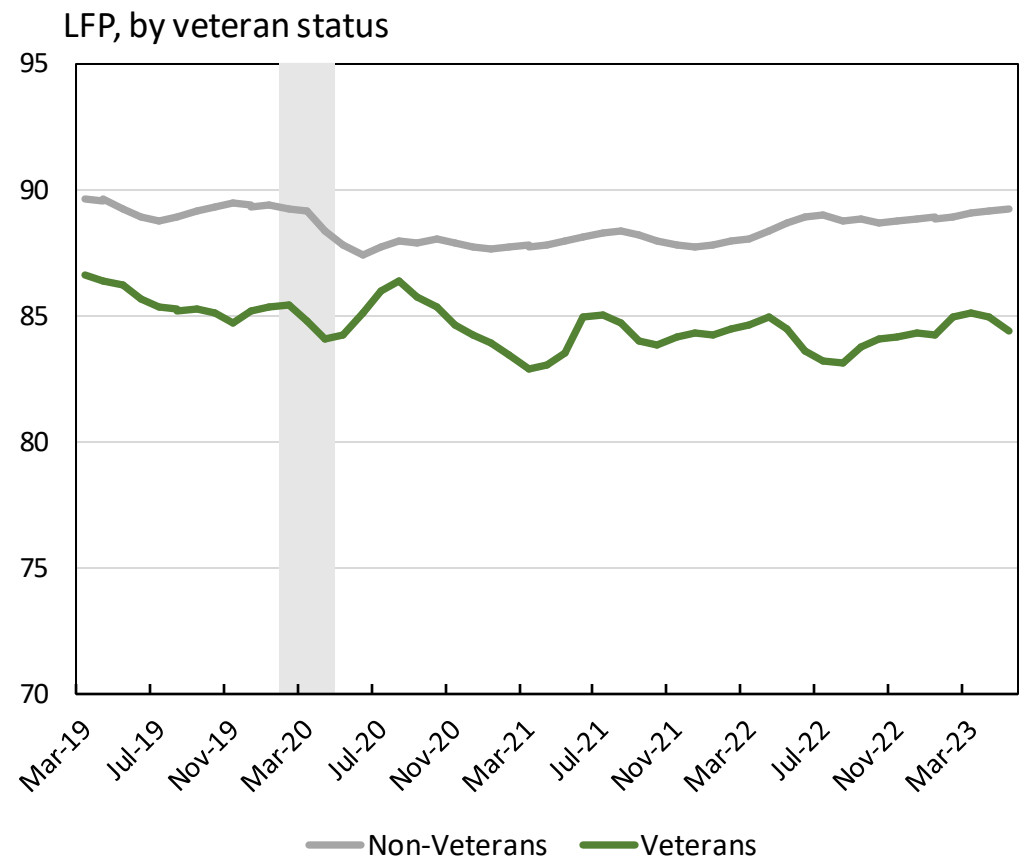
Labor Force Participation by Urban Status



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Labor Force Participation by Veteran Status



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