

Handout for March 2025 Newsletter Visualizing Labor Markets Tightness in FRED

Purpose.

1. Create a plot of unemployment and job openings data.
2. Change the graph's date range to show values since 2020.
3. Describe and discuss patterns in the evolution of the labor market data over time.

Pedagogical Rationale. This assignment requires that you first look for data and plot them into a graph. Next, you will customize the data by adding a second series to the graph. Next, you will change the date range. Lastly, you will describe and discuss patterns in the evolution of the data series. These tasks will develop your proficiency in searching for, transforming, and interpreting data.

Grading. Your grade will be determined by (a) how precisely you complete the search and transformation data tasks and (b) how accurately you interpret the data.

Steps to Search for and Transform the Data.

1. Access <https://fred.stlouisfed.org/> and search for "Job Openings: Total Nonfarm."
2. Select "Rate, Seasonally Adjusted."
3. Click on EDIT GRAPH and select the ADD LINE tab.
4. Search for "Unemployment Rate, Percent, Seasonally Adjusted, Monthly" and click on "Add."
5. Change the date range by typing "2020-01-01" as the start date of the graph.

Writing Prompts. Answer the following questions:

1. Between 2020 and the latest available observation, when was the difference between job openings and the unemployment rate the largest?
2. The shaded area in the graph represents a recession. Consider the years between 2020 and up until 2025. When did job openings become larger than the unemployment rate?
3. Consider a basic model of supply and demand for labor. In that context, when job openings are larger than the unemployment rate does that represent a surplus or a shortage of labor? Explain your answer.