

MarketDesk U.S. Unemployment Indicator

12-Month Forecast of the U.S. Unemployment Rate

Labor Market

Current Takeaway U.S. labor market should soften over the next 12 months; Unemployment rate likely ticks above 5% by the end of 4Q23

Overview of Indicator

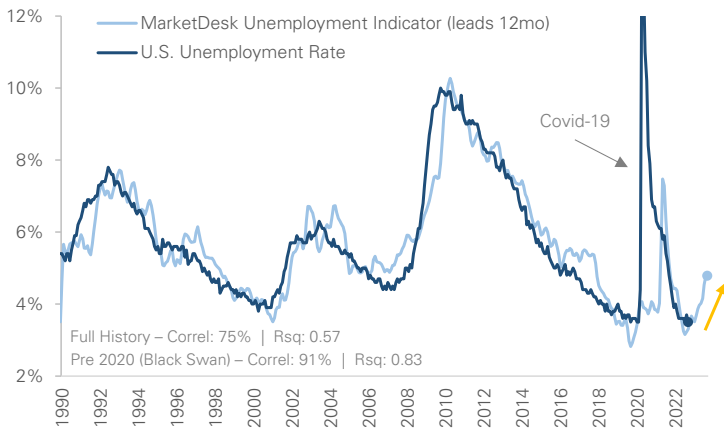
Unemployment is a key measure of the overall health of the economy. Changes in unemployment carry ripple effects across every aspect of the economy, impacting consumer financial health, retail spending, loan defaults, and consumer sentiment. In addition, the level of unemployment is a key input into U.S. monetary policy due to the Federal Reserve's dual mandate of stable prices and maximum employment. The U.S. Unemployment Indicator is a combination of six macro inputs that historically exhibit a high statistical correlation with future unemployment trends.

How to Use

The U.S. Unemployment Indicator is built to forecast the direction and approximate magnitude of changes in the U.S. unemployment rate over the next 12 months. Use the indicator to forecast and spot key 'turning points' in unemployment trends throughout economic cycles. Forecasted increases in the unemployment rate signal weaker labor demand and suggests businesses are growing more cautious. In contrast, falling unemployment rates signal strengthening labor demand and an improving macro backdrop.

Figure 65 – Actual Unemployment Rate vs MarketDesk Indicator

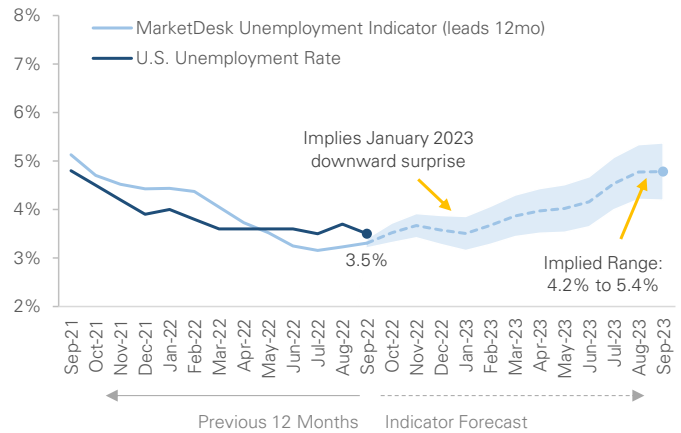
Relationship Between MarketDesk Forecasts and Actual Unemployment Rate



Source: www.QuantPack.com, Bureau of Labor Statistics

Figure 66 – Recent History & MarketDesk Indicator Forecast

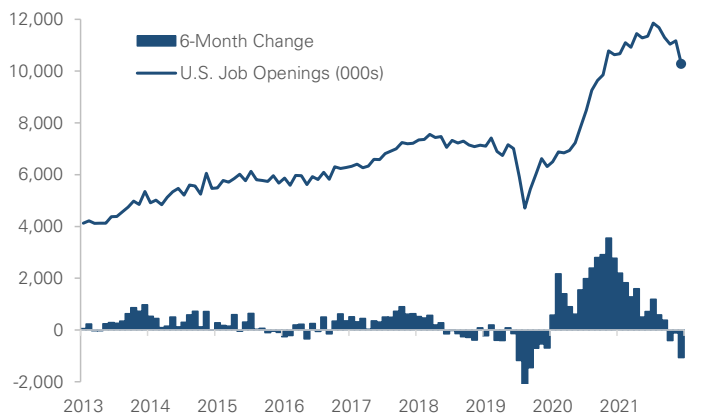
Forecast of U.S. Unemployment Rate Based on the MarketDesk Indicator



Source: www.QuantPack.com, Bureau of Labor Statistics

Figure 67 – Number of U.S. Job Openings

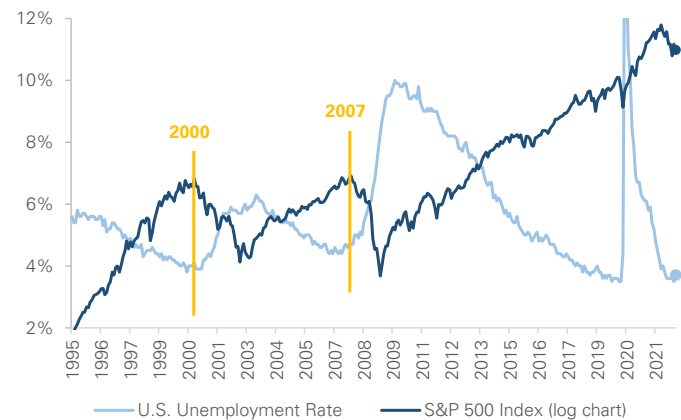
Job openings are an important indicator for the labor market and wage inflation



Source: www.QuantPack.com, Bureau of Labor Statistics

Figure 68 – Equities Historically Peak Near Troughs in Unemployment

Relationship Between S&P 500 and Unemployment Rate



Source: www.QuantPack.com, Bureau of Labor Statistics

Weekly Quant Pack

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