

STRATEGY VIEWS

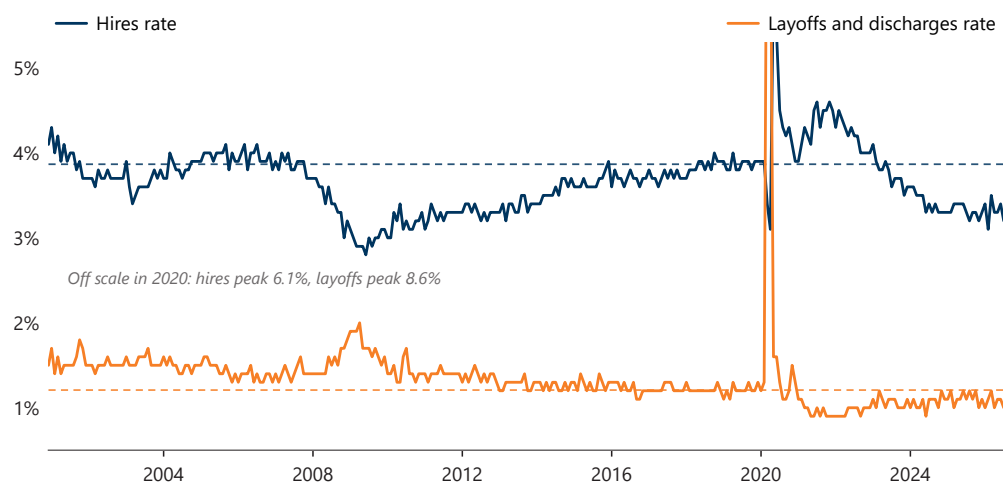
Paid in Time: Unemployment Is Not Rising Much, It Is Lasting Longer

1. Turnover in the American labor market has slowed on both sides at once. Hiring has fallen to 3.3 per cent of employment, below its 2019 average of 3.9, and employers are not replacing that with dismissals: the layoff rate is 1.1 per cent, also below its 2019 average ([Exhibit 1](#)). The usual reading is that the market has cooled without breaking. The exhibits here are consistent with that, and they also show where the slowdown has gone.

Scott Monaco
samonaco1@yahoo.com |
scottmonaco.co

Exhibit 1: Hiring is below its pre-pandemic rate. Layoffs are too.

Total nonfarm hires and layoffs, per cent of employment, monthly, seasonally adjusted



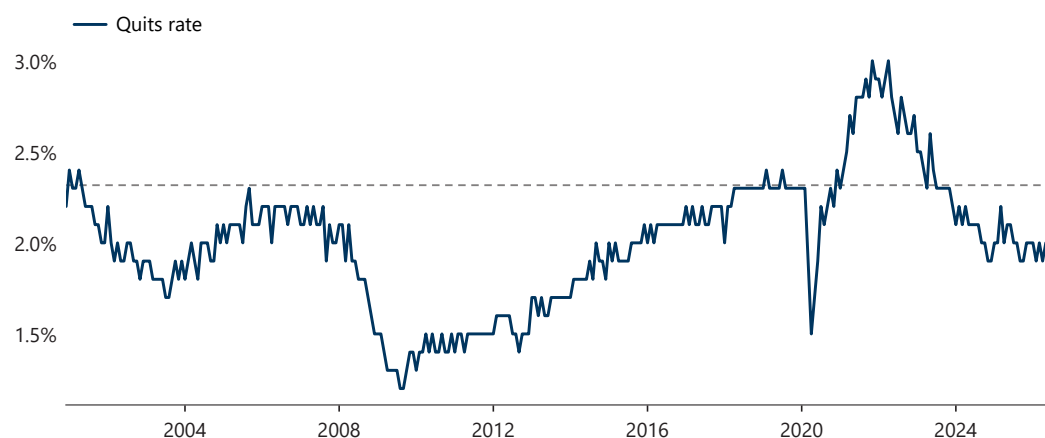
Source: BLS Job Openings and Labor Turnover Survey (JTSHIR, JTSLDR) via FRED, retrieved 20 September 2026; monthly through July 2026, current figures the May to July average. Dashed lines mark each series' 2019 calendar-year average. The vertical axis is clipped at 5.3 per cent: layoffs reached 8.6 per cent in March 2020 and hires 6.1 per cent in May 2020, both annotated on the chart.

2. It has gone into the length of time people spend unemployed. The unemployment rate is 4.1 per cent against 3.7 in 2019, a rise of 0.46 points. Of that rise, about 70 per cent is accounted for by people unemployed six months or longer.

3. The slowdown is not only an employer's decision. Quits have fallen to 2.0 per cent of employment from 2.3 in 2019 ([Exhibit 2](#)). Fewer workers are leaving jobs voluntarily. In a conventional downturn the two series move apart, as layoffs rise while quits fall; here the measured flows have declined together, with hires and quits each about 15 per cent below their 2019 averages.

Exhibit 2: Workers are quitting less often as well

Total nonfarm quits, per cent of employment, monthly, seasonally adjusted



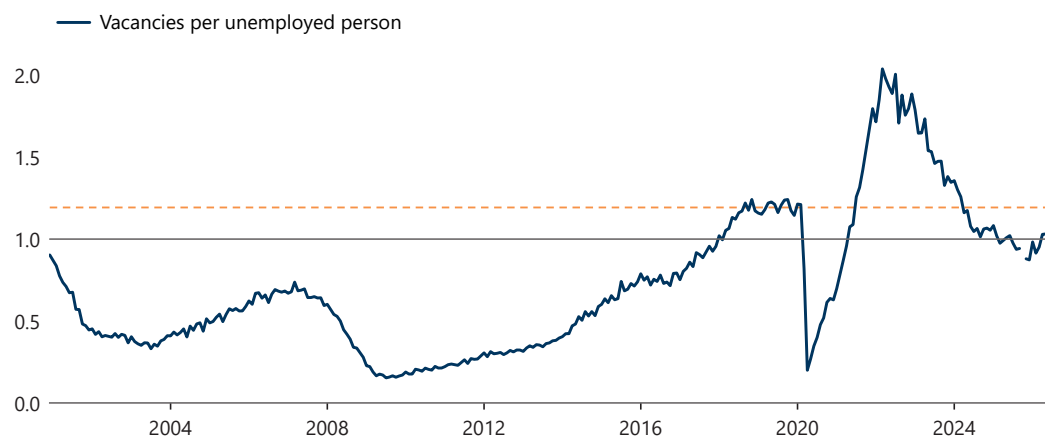
Source: BLS Job Openings and Labor Turnover Survey (JTSQR) via FRED, retrieved 20 September 2026; monthly through July 2026, current figure the May to July average. Dashed line marks the 2019 calendar-year average.

4. Nor is there an aggregate shortage of posted work. There is about one vacancy for every unemployed person, against 1.19 in 2019 and a peak of 2.04 in 2022 ([Exhibit 3](#)). By that measure the market has given back the extraordinary tightness of the recovery and sits a little below where it started. Taken alone, the ratio is the strongest single piece of evidence for the cooling account and against what follows.

It is also a ratio of two stocks, and the rest of this note is about a flow. One vacancy per unemployed person counts how many openings exist alongside how many job-seekers. It does not describe how quickly any particular person moves through one, and the two can differ if the process of matching workers to openings slows. A market can hold its ratio of openings to job-seekers steady while each individual match takes longer to make, and nothing in a ratio of two stocks would reveal it. The series that do speak to that are the monthly transitions, and they are the subject of the next three exhibits.

Exhibit 3: About one vacancy per unemployed person, down from just over two

Job openings divided by unemployed persons, monthly, seasonally adjusted both legs

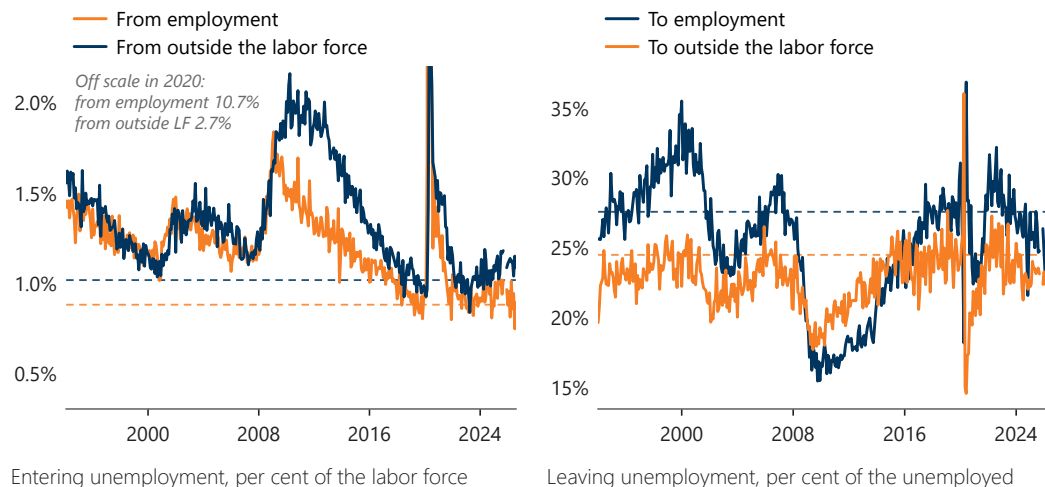


Source: BLS via FRED (JTSJOL divided by UNEMPLOY), retrieved 20 September 2026; monthly through July 2026. Solid line marks parity at one vacancy per unemployed person; dashed line marks the 2019 calendar-year average. This is an aggregate stock ratio, not an individual's chance of being hired.

5. Unemployment has entrances and exits, and the two sides have not moved alike ([Exhibit 4](#)). Entries are close to their 2019 level: arrivals from employment are slightly lower, at 0.86 per cent of the labor force against 0.88, and arrivals from outside the labor force slightly higher, at 1.09 against 1.02. Exits have moved more. Of everyone unemployed in a given month, 24.3 per cent are working the next month, against 27.6 per cent in 2019.

Exhibit 4: Entries are near their 2019 level. Exits to work are not.

All four monthly transitions through unemployment, per cent, seasonally adjusted



Source: BLS Current Population Survey gross flows via FRED, retrieved 20 September 2026; monthly through August 2026, from January 1994 when the survey was redesigned. Left: entries from employment (LNS17400000) and from outside the labor force (LNS17600000), each over the prior month's civilian labor force (CLF16OV), a contribution per 100 participants rather than a transition probability from each origin; clipped at 2.2 per cent, with both 2020 peaks annotated: 10.7 per cent from employment in April and 2.7 per cent from outside the labor force in May. Right: exits to employment (LNS17100000) and to outside the labor force (LNS17900000) as shares of the three unemployed-origin flows summed. October and November 2025 were not published and the lines break there. Dashed lines mark the 2019 averages.

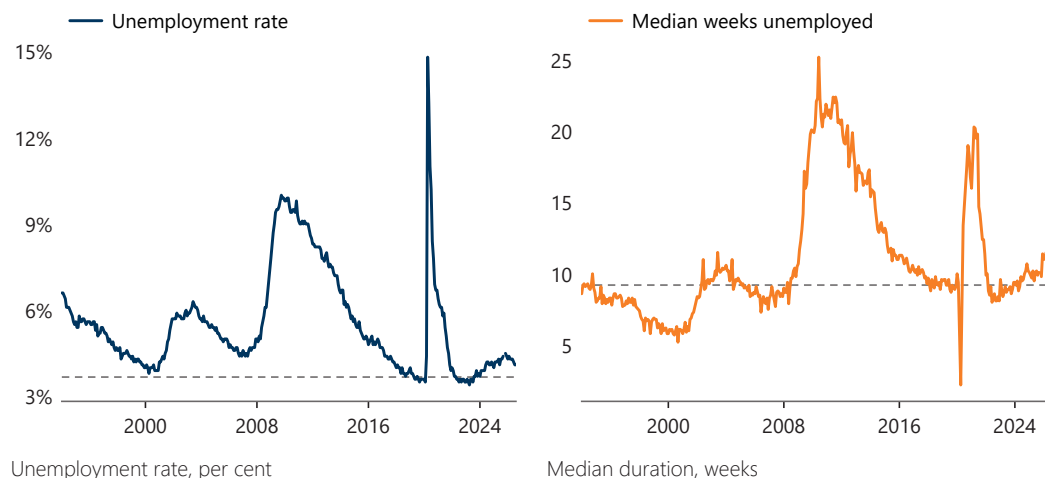
6. The destination of the lost exits matters, because a fall in the share finding work could show up as people leaving the labor force instead, which would make the duration figures below partly a change in who is counted. It does not. The share of the unemployed who leave the labor force each month is 23.8 per cent against 24.5 in 2019, slightly lower rather than higher. The share still unemployed a month later has risen from 48.0 per cent to 52.0. The three destinations sum to one by construction, so this is arithmetic rather than inference: the exits that stopped going to work stayed in unemployment.

One caution about reading these panels as counts. In levels, the monthly flow from unemployment into work is slightly larger than it was in 2019, roughly 1.72 million against 1.66 million, because there are more unemployed people for it to be drawn from. The rate is what describes the chance facing any one of them, and it is the rate that has fallen. The same distinction applies to the entry panel.

7. That combination moves two published series by very different amounts (Exhibit 5). The unemployment rate depends on entries as well as exits, and entries are close to unchanged, so it has risen modestly: 4.1 per cent against 3.7. The median duration of unemployment in progress depends on how long spells last, and it has risen from 9.2 weeks to 11.0. These are different questions about the same market, and only the second is about how long a spell takes.

Exhibit 5: The rate and the clock

Unemployment rate and median duration in progress, monthly, seasonally adjusted



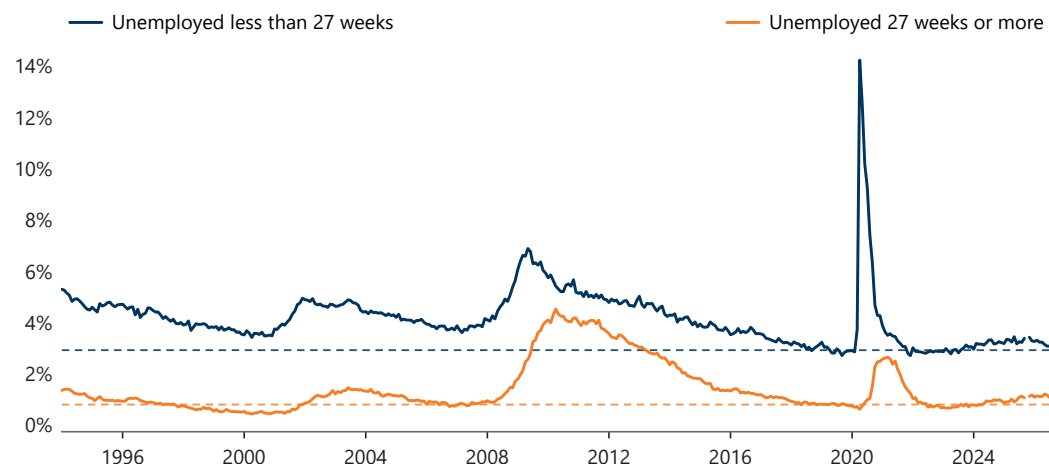
Source: BLS Current Population Survey via FRED (UNRATE, UEMPME), retrieved 20 September 2026; monthly through August 2026, from January 1994; current figures the June to August average. October 2025 was not published and the lines break there. Shown as two panels rather than one chart with two vertical scales, because a shared axis would require a scaling choice that determines what the comparison appears to show. Median duration measures elapsed time among people still unemployed, not the completed time taken to find work. Dashed lines mark the 2019 averages.

8. Splitting unemployment by spell length puts both on the same denominator and shows where the increase sits ([Exhibit 6](#)). Measured against the labor force, short spells have risen from 2.90 per cent to 3.03, and long spells, those of 27 weeks or more, from 0.78 per cent to 1.10. The two add to the headline rate, so the comparison is exact: long spells account for about 70 per cent of its 0.46-point rise. The share of the unemployed who have been jobless at least six months is 26.6 per cent, against 21.2 in 2019.

Counted as people rather than shares, long spells number about 1.87 million against 1.27 million in 2019, in a labor force that has grown by close to six million over the same period. The share and the count move together here, which is not guaranteed and is worth checking rather than assuming.

Exhibit 6: Most of the rise in unemployment is long spells

Unemployment by duration, per cent of the labor force, seasonally adjusted



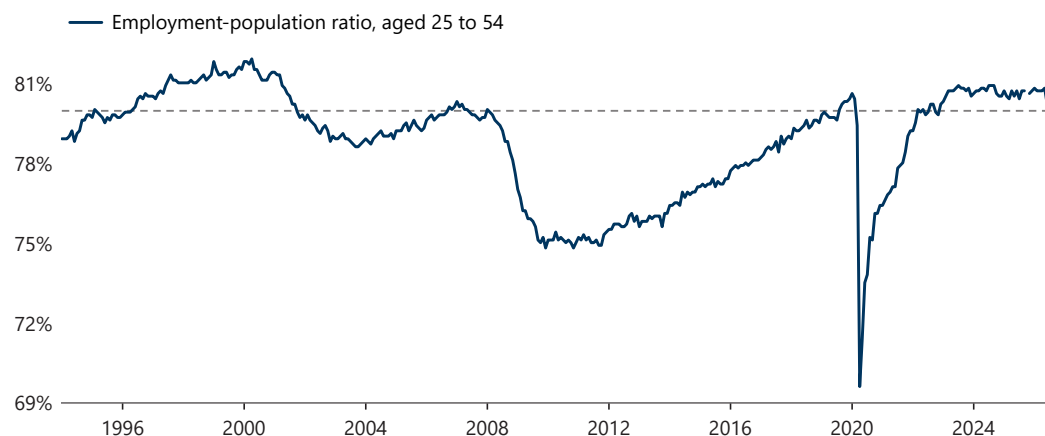
Source: BLS Current Population Survey via FRED, retrieved 20 September 2026; monthly through August 2026, from January 1994; current figures the June to August average. Long spells are the published share of the unemployed jobless 27 weeks or more (LNS13025703) applied to the unemployment rate (UNRATE); short spells are the remainder. Both are therefore shares of the labor force and sum to the headline rate. October 2025 was not published and the lines break there. Dashed lines mark the 2019 averages.

9. Alongside this, employment remains widespread among people of working age. The employment-population ratio for 25 to 54 year olds is 80.3 per cent, above its 2019 average of 80.0 and below its series high of 81.9 reached in 2000 ([Exhibit 7](#)). That measures how common employment is in the age group. It is not a measure of job security, and the low layoff rate in the first exhibit is the closer available proxy for that. Both describe a different population from the one the duration figures describe.

That division is the reason aggregate readings and individual accounts can diverge without either being wrong. Most people are employed, and the summary statistics are dominated by them. The people the duration figures describe are about 4 per cent of the labor force, and within that the long spells are close to 1 per cent. A measure built on the whole labor force will always move less than a measure built on that 1 per cent, which is an argument for reading both rather than for preferring either.

Exhibit 7: Prime-age employment is a little above its 2019 level

Employment-population ratio, aged 25 to 54, per cent, seasonally adjusted

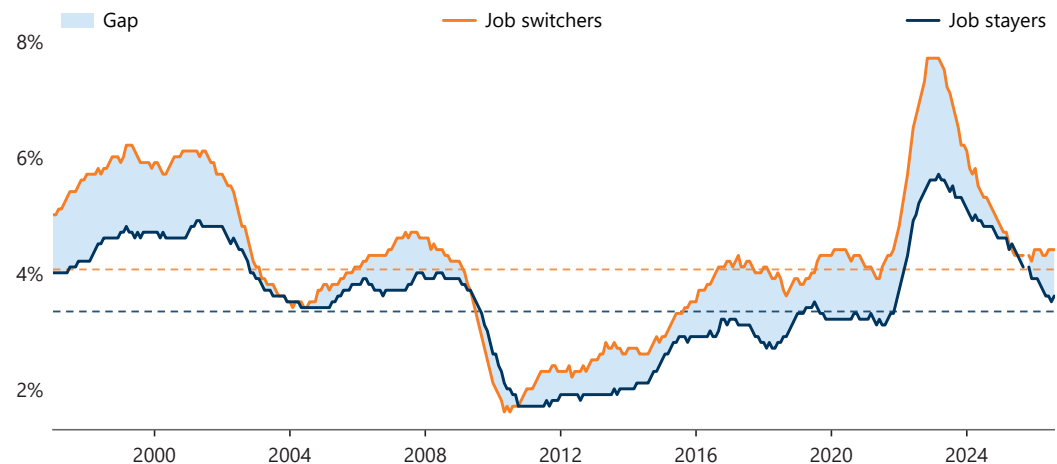


Source: BLS Current Population Survey via FRED (LNS12300060), retrieved 20 September 2026; monthly through August 2026, from January 1994; current figure the June to August average. October 2025 was not published and the line breaks there. Dashed line marks the 2019 calendar-year average. This measures how widespread employment is in the age group, not the security of any individual job.

10. What a move is worth has changed less than how often one happens (Exhibit 8). Median wage growth for job switchers exceeds that for stayers by 0.8 points on the latest three months, close to the 0.7 point gap of 2019 and well below the 2.2 points reached in 2022 and 2023; over the last twelve months the gap averages 0.5. These are two matched groups of wage earners, so this is a difference between group medians and not the return a particular person would get from moving. Set beside the quits rate, the observation is that the measured gap is ordinary while measured moves are fewer.

Exhibit 8: The wage-growth gap between switchers and stayers is back near its 2019 size

Median hourly wage growth, 12-month moving average, per cent, not seasonally adjusted



Source: Federal Reserve Bank of Atlanta Wage Growth Tracker via FRED (FRBATLWGT12MMUMHWGJSW switchers, FRBATLWGT12MMUMHWGJST stayers), retrieved 20 September 2026; monthly through August 2026, from January 1997. The shaded band is the difference between the two series, which is negative in 2009 and 2010 and briefly in 2025. The 12-month moving average is the source series' own smoothing, which is why no seasonal adjustment is applied. October 2025 was not published and the lines break there. Dashed lines mark the 2019 averages.

11. How much of this counts as deterioration depends on the benchmark, and the choice deserves stating rather than assuming (Exhibit 9). Against 2019, hiring is 15 per cent lower, quits 15 per cent lower, exits to work 12 per cent lower, and long spells 42 per cent higher as a share of the labor force. Against the 2015 to 2019 average, the same measures are worse by much less: exits to work are 7 per cent lower, long spells about 2 per cent higher, while the vacancy ratio is 12 per cent higher than that window and the unemployment rate 6 per cent lower. 2019 was the tightest pre-pandemic year, so falling below it is an easier test to pass, not a harder one.

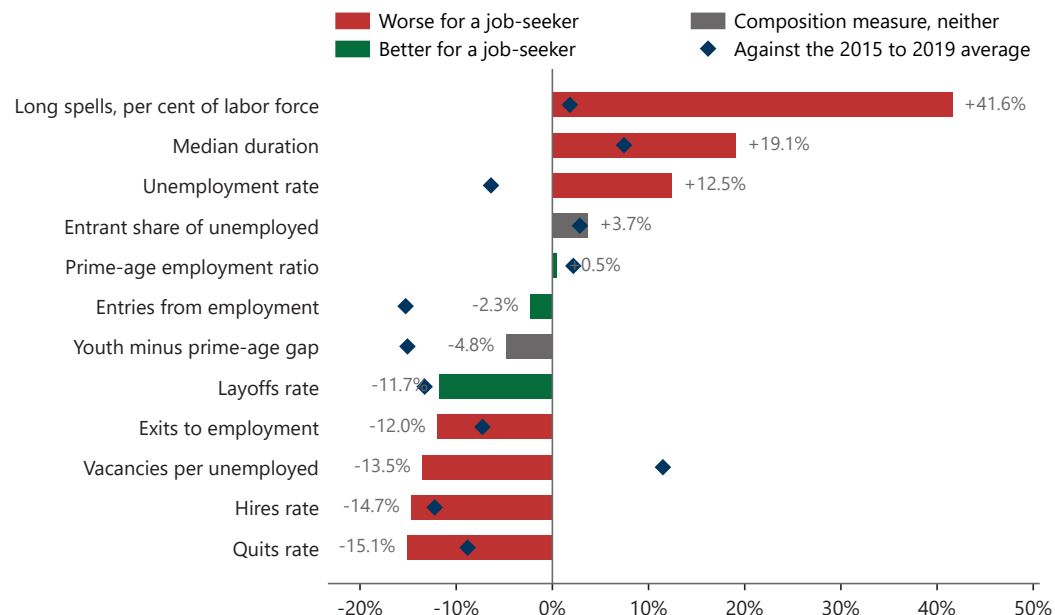
The comparison that does not depend on a benchmark year is with the historical relationship between the two (Exhibit 10). In the record from 1994 to February 2020, the 12 months with a long-spell share within one point of today's 26.6 per cent carried an unemployment rate averaging 5.7 per cent, with a median of 5.1, and none of them had a rate below today's 4.1 per cent. The 49 months with a median duration within a week of today's averaged 5.4 per cent, and only one, January 2020, was below today's rate. Before the pandemic, today's duration figures arrived with a materially higher unemployment rate than the one currently published.

The present is not one unusual month. Each of the 61 months since July 2021 had a lower unemployment rate than the median pre-pandemic month with a similar long-spell share, and than the median month with a similar duration, although the recent points overlap the lower edge of the earlier record rather than standing clear of it. This comparison needs no base year, but it does depend on the historical window. Counting from 2010 or 2015 instead of 1994, the long-spell months average 5.0 per cent, still with none below today's rate, and the duration months 4.8 per cent, with one below; from 2018, no pre-pandemic month had a long-spell share like today's at all. It

is also the narrower claim: it says the pairing is unusual, not that the labor market is weak.

Exhibit 9: How much of this is deterioration depends on the benchmark

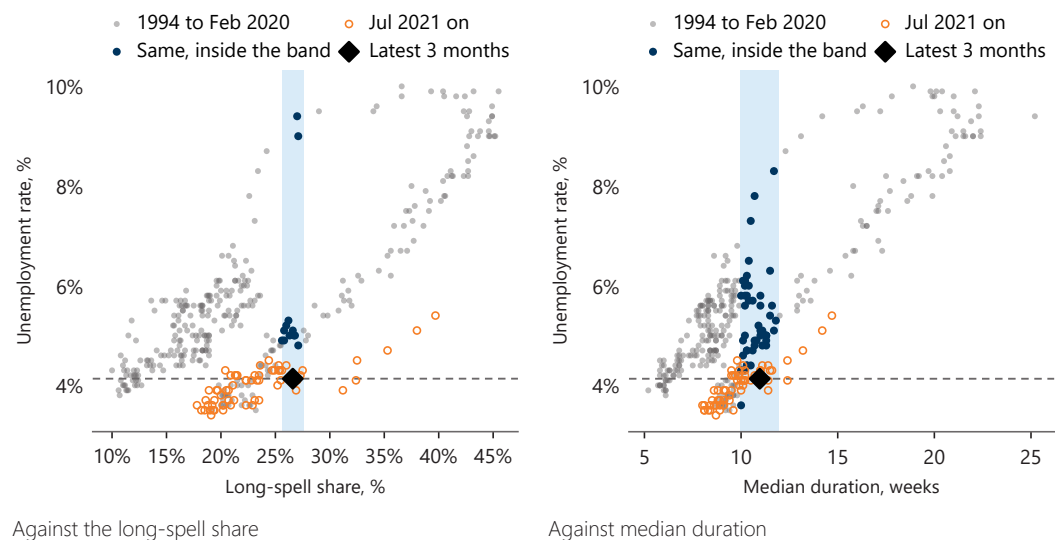
Change to the latest three months from two pre-pandemic benchmarks, per cent



Source: Author calculations on the series named above; BLS and Federal Reserve Bank of Atlanta data via FRED, retrieved 20 September 2026. Bars show the per cent change from the 2019 calendar-year average, markers the change from the 2015 to 2019 average; latest three months are May to July 2026 for the survey of openings and turnover and June to August 2026 for the rest. Bars keep their natural sign; colour marks the direction worse for someone who needs a job, and the two composition measures are drawn neutral because neither direction of a share or a gap is unambiguously better. Equal percentage changes across differently bounded indicators are not equal economic magnitudes. Levels behind the two composition measures: the youth minus prime-age unemployment gap is 3.47 points against 3.64 in 2019, and entrants and reentrants are 41.5 per cent of the unemployed against 40.0; the age bands are 20 to 24 and 25 to 54 (LNS14000036, LNS14000060).

Exhibit 10: Before the pandemic, today's durations came with a higher unemployment rate

Unemployment rate against the long-spell share and against median duration, one point per month, seasonally adjusted



Source: BLS Current Population Survey via FRED (UNRATE, LNS13025703, UEMPMED), retrieved 20 September 2026; monthly, January 1994 to August 2026. Grey points are January 1994 to February 2020; navy points are those months within one point of the latest long-spell share (left) or within one week of the latest median duration (right), the shaded bands. Orange circles are July 2021 onward, drawn separately and not counted in the comparison; March 2020 to June 2021 is not drawn. The diamond and the dashed line are the June to August 2026 average. No line is fitted. The long-spell share is the share of the unemployed jobless 27 weeks or more.

12. Several readings these exhibits do not support are worth naming. They do not show why hiring slowed; higher policy rates, firms retaining staff after the shortages of 2021 and 2022, and a shift in the composition of demand are all consistent with what is drawn here, and a descriptive note cannot separate them. They do not show that employed workers bear no cost, since the exhibits measure layoffs and employment rates rather than pay, hours, bargaining position or advancement. They do not show what sorts people into long spells: the gap between unemployment at 20 to 24 and at 25 to 54 is 3.5 points against 3.6 in 2019, essentially unchanged ([Exhibit 9](#)), and no exhibit here reports duration by age.

Nor do they establish that the composition of unemployment has shifted toward people who never held a job. Reentrants and new entrants are a slightly larger share of the unemployed than in 2019, but the reason categories record the circumstances of a person's last separation, and a reentrant may well have lost a job before a period outside the labor force.

One further limitation is in the data rather than the argument. October 2025 was not published for the household survey series or the wage tracker, and neither October nor November for the gross flows. Those months are drawn as breaks in the lines rather than joined across, and nothing here is imputed. A single missing month does not change any of the comparisons above, all of which are three-month averages taken well after the gap, but a reader tracking the month-to-month path should know the gap is real and not a plotting artifact.

13. For anyone reading the monthly releases, the practical consequence is that the headline rate and the duration series answer different questions and can move by different amounts, as they have since 2019. Reading the job-finding rate and the duration figures alongside the headline rate gives a fuller picture than the rate alone; which of them turns first in any future episode is not something these exhibits establish.

14. What would change the view is specific. The note rests on entries being close to unchanged while exits to work have fallen, so a sustained rise in the layoff rate, or in arrivals into unemployment from either origin, would make this an ordinary downturn and a different note. Duration and the long-spell share falling back toward 2019 while hiring stays low would show the slowdown being absorbed without a lengthening of spells. A rise in exits from unemployment to outside the labor force would mean the duration figures were partly a change in who is counted, which the current data do not show.

Until then, the headline rate is not the only number worth watching. The one that has moved furthest is how long unemployment lasts.

Methodology and Disclosures

Authorship

This note was produced by SAM, a semi-autonomous research system, under human direction. Data were retrieved from the public sources named below and charted without further adjustment except where stated. The analysis is descriptive: it reports what the series show and does not claim to identify a causal effect.

Data

Every series is public and was retrieved from FRED on 20 September 2026, which redistributes data published by the Bureau of Labor Statistics and the Federal Reserve Bank of Atlanta. Twenty-four series were retrieved. The survey of job openings and labor turnover runs through July 2026 and everything drawn from the household survey through August 2026; every current figure quoted is a three-month average, May to July 2026 for the former and June to August 2026 for the latter. Series identifiers, retrieval timestamps, row counts, observation spans and a checksum of each raw payload are recorded in `data_vintage.json` beside this note. Public series are revised; nothing was re-fetched after the cutoff, so the figures are reproducible from that record rather than from a fresh retrieval.

Unpublished months

October 2025 is absent from the household survey series and from the wage tracker, and October and November 2025 from the gross flows. Those months are plotted as breaks in the lines rather than joined across, and the affected exhibits say so. No value is imputed anywhere in this note.

Exhibit construction

Populations, denominators, units, windows and transformations were fixed in `research_plan.md` before any prose was written, and each exhibit is licensed there to carry one stated claim. Every chart carries its series and construction in its own source line. Four points apply across exhibits. Household survey series begin in January 1994 because the survey was redesigned that month and observations either side are not comparable. The reference period is the 2019 calendar-year mean, with the 2015 to 2019 average shown alongside it in the ninth exhibit because the choice of benchmark changes the size of several comparisons. Transitions are divided by the prior month's stock, so a flow observed between two months sits over the population it came from. Two panels, the hires and layoffs rates in the first exhibit and the entry rates in the fourth, clip their vertical axis to the non-pandemic range and state every clipped peak on the chart face; no other exhibit is clipped.

What this note does not do

The analysis is descriptive throughout. No specification is estimated, no identifying assumption is made, no counterfactual is computed and no forecast is offered. No fitted line appears on any chart. The note reports what the series show and does not claim to identify what caused the slowdown in hiring; where the exhibits are consistent with more than one explanation, the note says so rather than choosing. The stock-flow relation referred to in the text is an approximation that omits movements in and out of the labor force, which are not small here and are shown in the fourth exhibit rather than assumed away. The design of the note was preserved by copying the document class, the brand file and the chart style into its directory, which fixes its appearance but does not pin the fonts, the typesetting distribution or the plotting library, so the note is preserved rather than byte-for-byte reproducible.

Correction, 25 September 2026

The tenth exhibit was added after publication, to draw a comparison the first version made only in words. Drawing it exposed an error in that comparison: its historical record excluded only March 2020 to June 2021, so it counted months from the current episode, including the three that define today. The record is now January 1994 to February 2020. The long-spell comparison changes from 18 months averaging 5.2 per cent, 2 of them below today's rate, to 12 months averaging 5.7 per cent, none below; the duration comparison from 69 months averaging 5.0 per cent, 10 below, to 49 months averaging 5.4 per cent, one below. The correction strengthens the observation rather than weakening it. The same review found that the fourth exhibit's entry panel misstated its clipped peak: it gave 8.2 per cent for entries from employment in April 2020, where the plotted value is 10.7, and did not annotate entries from outside the labor force, which also exceed the clip at 2.7 per cent in May 2020. Both are now stated on the chart and in its source line. Nothing else in the note changed.

Replication

The pipeline, the exact plotted values behind every exhibit and the data vintage record are in `code/`, `exhibits/` and `data_vintage.json` in this note's directory. `REPLICATION.md` gives the run order. The three referee reports from the review round, the revision plan, the reply to reviewers and the correction record are in `review_pipeline/`.

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This note is published for research and educational purposes. It is not investment advice, not an offer or solicitation, and not a recommendation to buy or sell any security. Past performance does not indicate future results.