



Research at the Chicago Fed

Microeconomics Edition (Preliminary Draft)

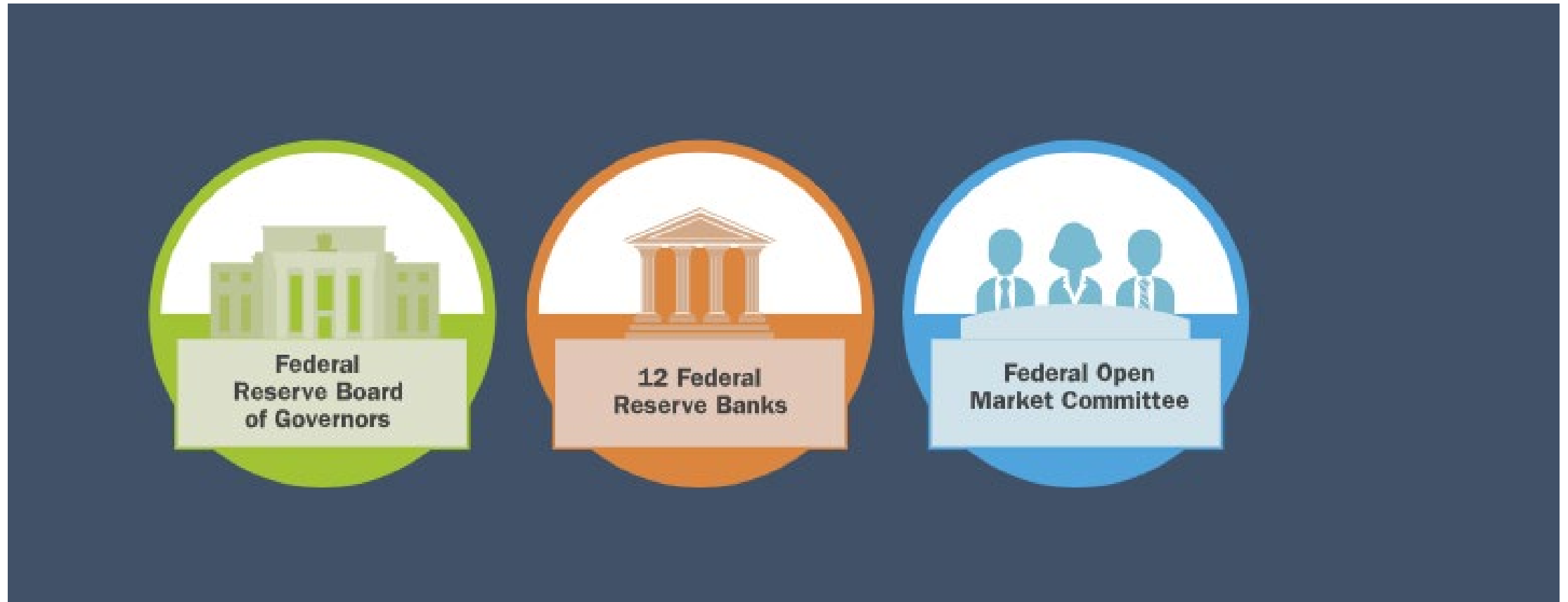
May 15, 2026

Kristin F. Butcher

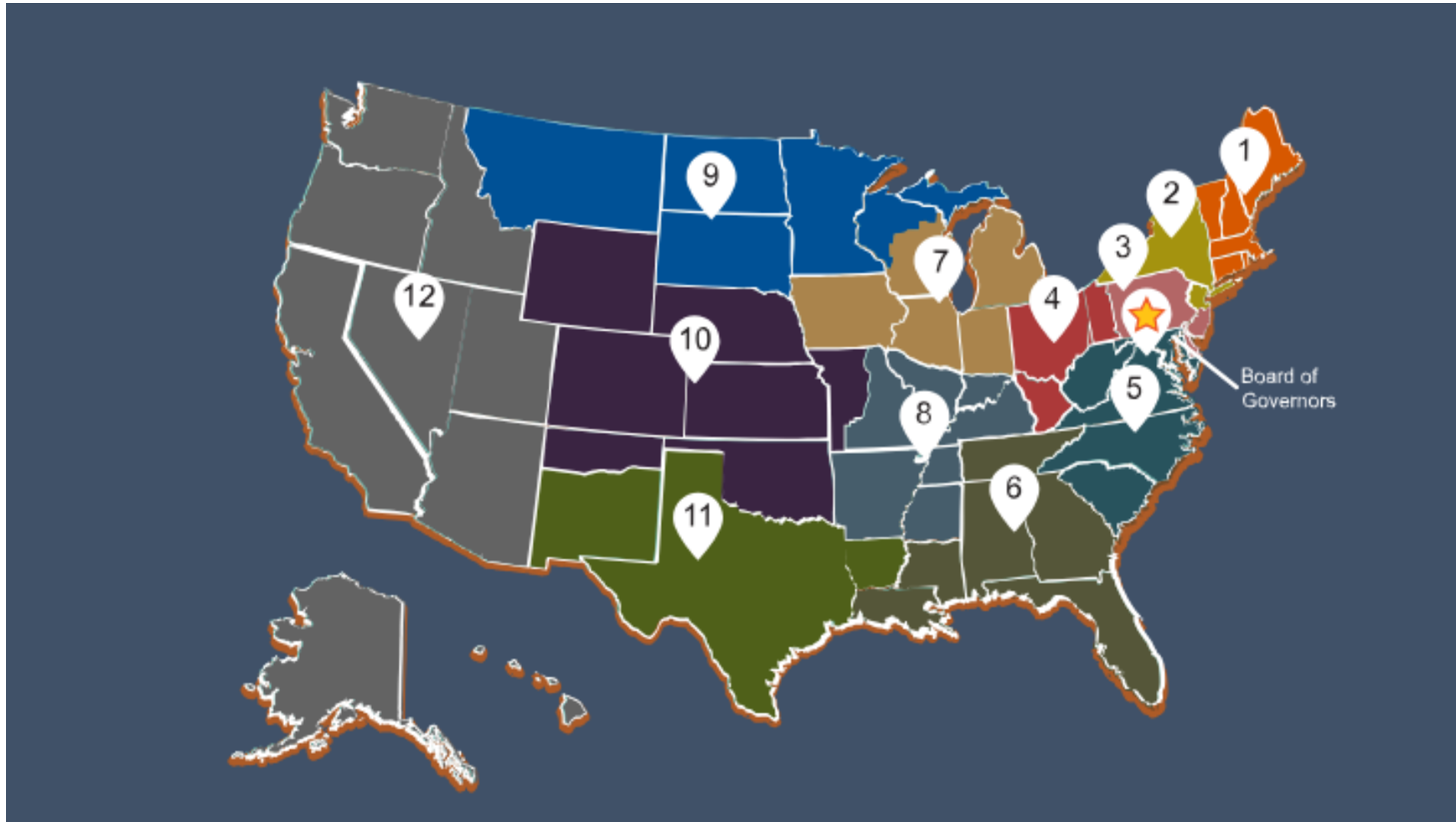
Vice President and Director ~~Microeconomics~~ Research
Federal Reserve Bank of Chicago

The views expressed here do not necessarily reflect the views of the Federal Reserve Bank of Chicago or the Federal Reserve System.

A **very** brief history of the Federal Reserve



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A **very** brief history of the Federal Reserve



FEDERAL RESERVE BANK *of* CHICAGO



Banking

Research

Events

Education

Region & Communities

Careers

About Us



"The law gives the Fed two jobs: Maximize employment and stabilize prices. If things get off track on either side, it is the Fed's role to adjust monetary policy accordingly."

– Austan D. Goolsbee, President and CEO

See President Goolsbee's recent interviews with print and broadcast media.

Research supports the Mission of the Fed

- Stable Prices and Maximum Employment
- How?
 - Producing “academic-style” economic research for peer reviewed journals
 - Producing policy research
 - Briefing the president before each FOMC cycle
 - Outreach and Communication
- What does the Micro Team do?

Micro Team



Kristin Butcher

Vice President and Director of
Microeconomic Research



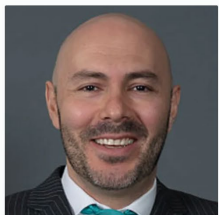
Gadi Barlevy

Senior Economist and Economic
Advisor



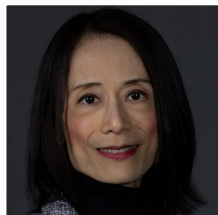
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Camilo Garcia-Jimeno

Senior Economist and Economic
Advisor



Luojia Hu

Senior Economist and Economic
Advisor



Diego Jiménez Hernández

Economist



Ezra Karger

Senior Economist



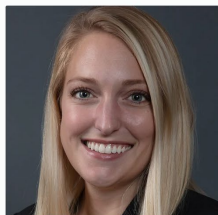
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Senior Economist and Economic
Advisor



Kelli Marquardt

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Research Assistants



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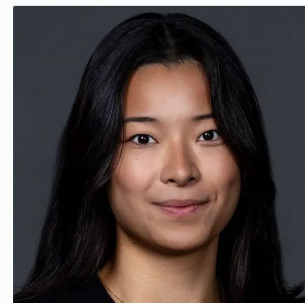
Alan Mathew

Research Assistant



Aneesha Mishra

Research Assistant



Cheryn Ryoo

Research Assistant

Research supports the Mission of the Fed: “Academic” Research

- Marquardt: Mis(ed) Diagnosis: Physician Decision Making and ADHD, forthcoming *Journal of Political Economy*.
- Jimenez Hernandez: Contract Terms, Employment Shocks and Default in Credit Cards, forthcoming *Review of Economic Studies*.
- Karger: Do Stay at Home Orders Cause People to Stay at Home?, *Review of Economics and Statistics*

Research supports the Mission of the Fed: Policy Research

- Marquardt: [The Labor Market for Childcare Workers](#)
- Jimenez Hernandez: [Small Business Employment in the Pandemic Era and Beyond](#)
- Karger: [Tracking Unemployment in \(Near\) Real Time with CHURN](#)

Policy and Academic Research are Complements

- In obvious ways:
 - Models developed in academic-style research can be applied to policy
 - Data analytic skills honed with academic-style research can be applied to policy
 - Deep understanding of data and measurement applies to both
- In more subtle ways:
 - Peer review process helps vet ideas
 - Connection to the larger economics profession
 - You get more creative thinking if you let people think broadly

A **very** brief economic overview



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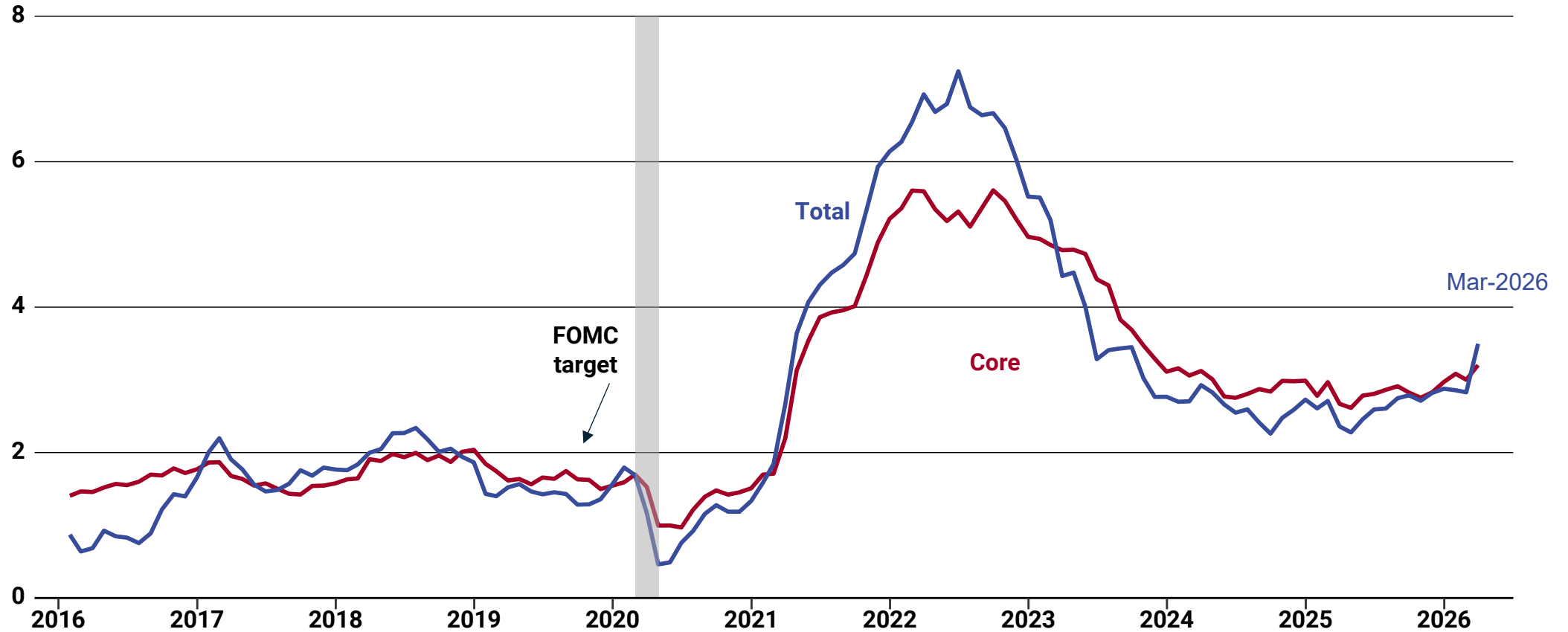
Very Brief Economic Overview

- Stable Prices?
- Maximum Employment?

Inflation improvements stalled recent data firm

PCE price index

(12-month percent change)

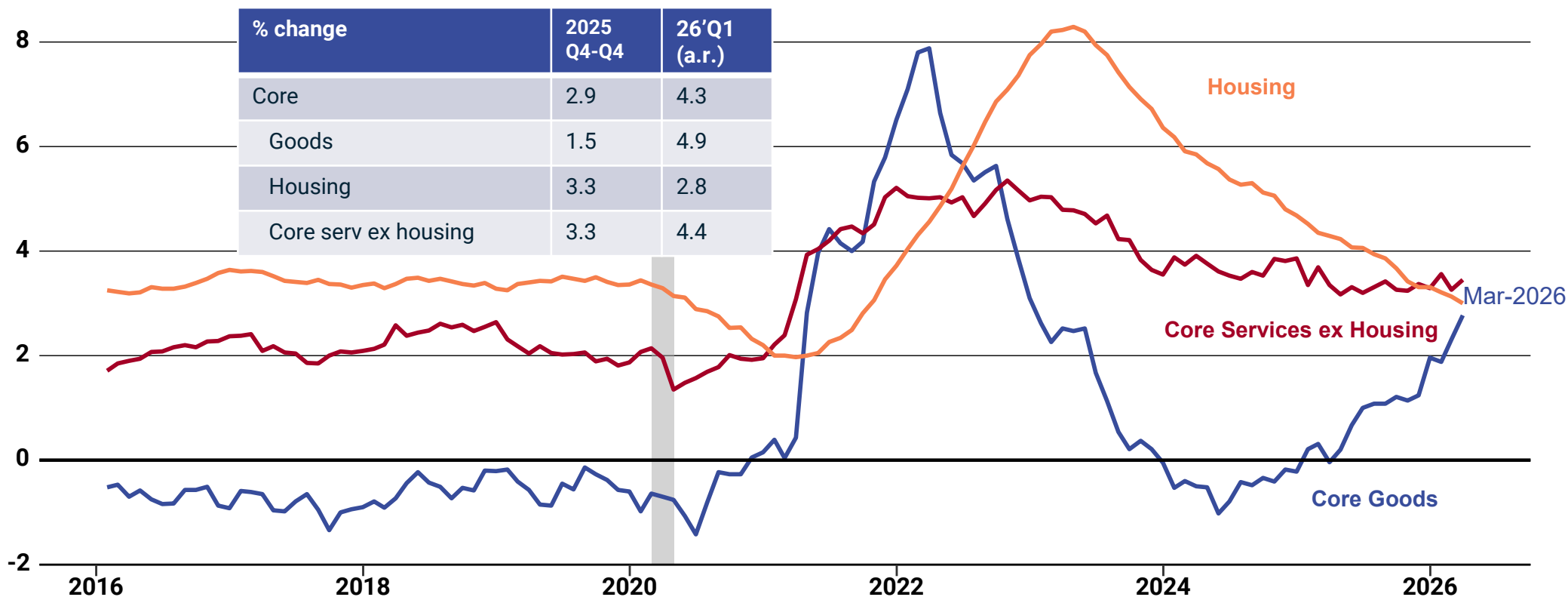


Source: BEA via Haver Analytics

Components of core PCE inflation

PCE components

(12-month percent change)

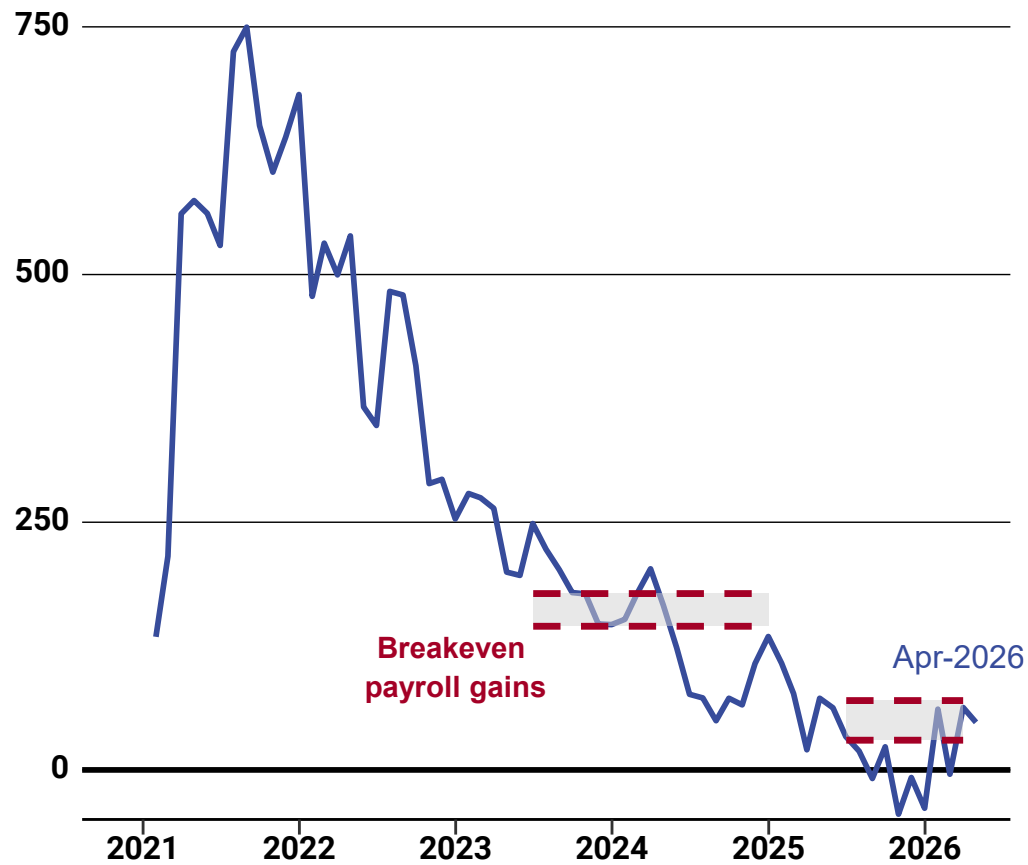


Note: Core goods are goods less food and beverages purchased for off-premise consumption and gasoline and other energy goods. Core services ex housing are services less electricity, gas, and housing. Food services are included, as is the case in BEA core PCE prices.
 Source: BEA via Haver Analytics

Job growth low, but enough to keep unemployment rate stable

Payroll gains

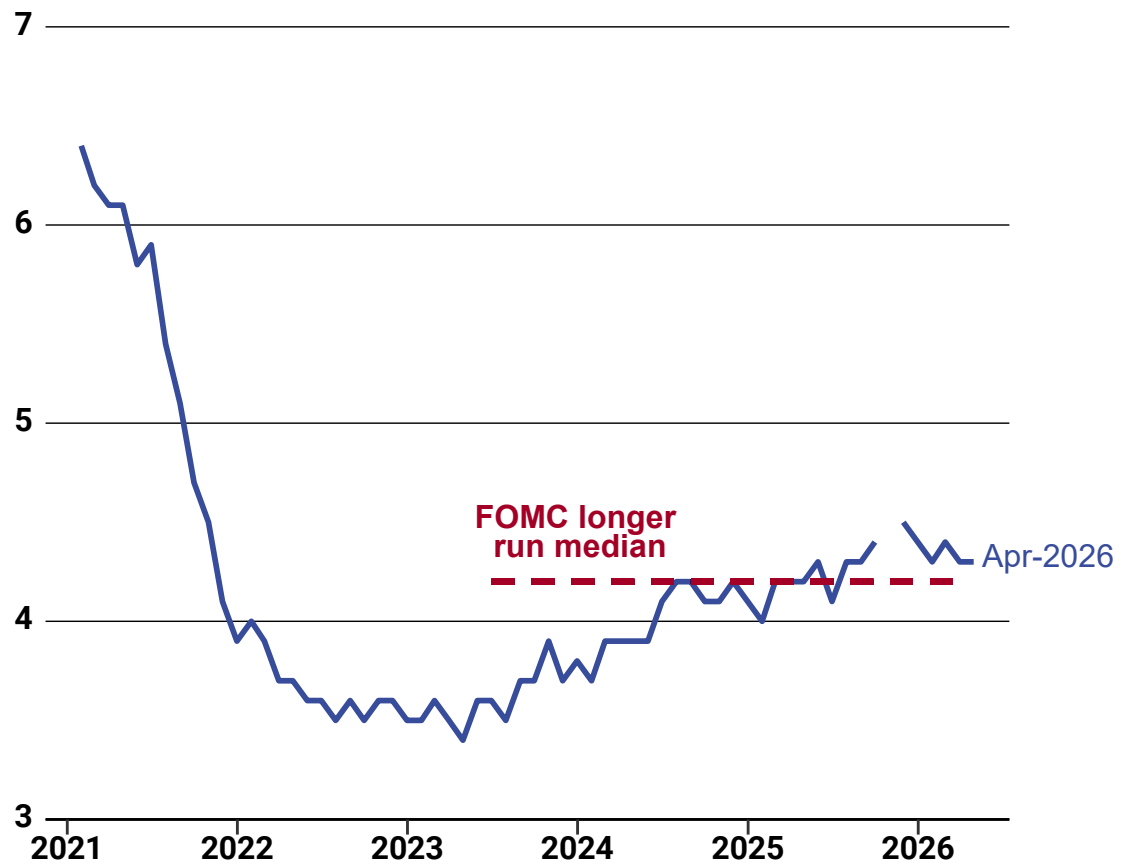
(3-month moving average, thousands, SA)



Source: BLS via Haver Analytics; BlueChip (breakevens)

Unemployment rate

(Percent, SA)



Source: BLS and CBO via Haver Analytics

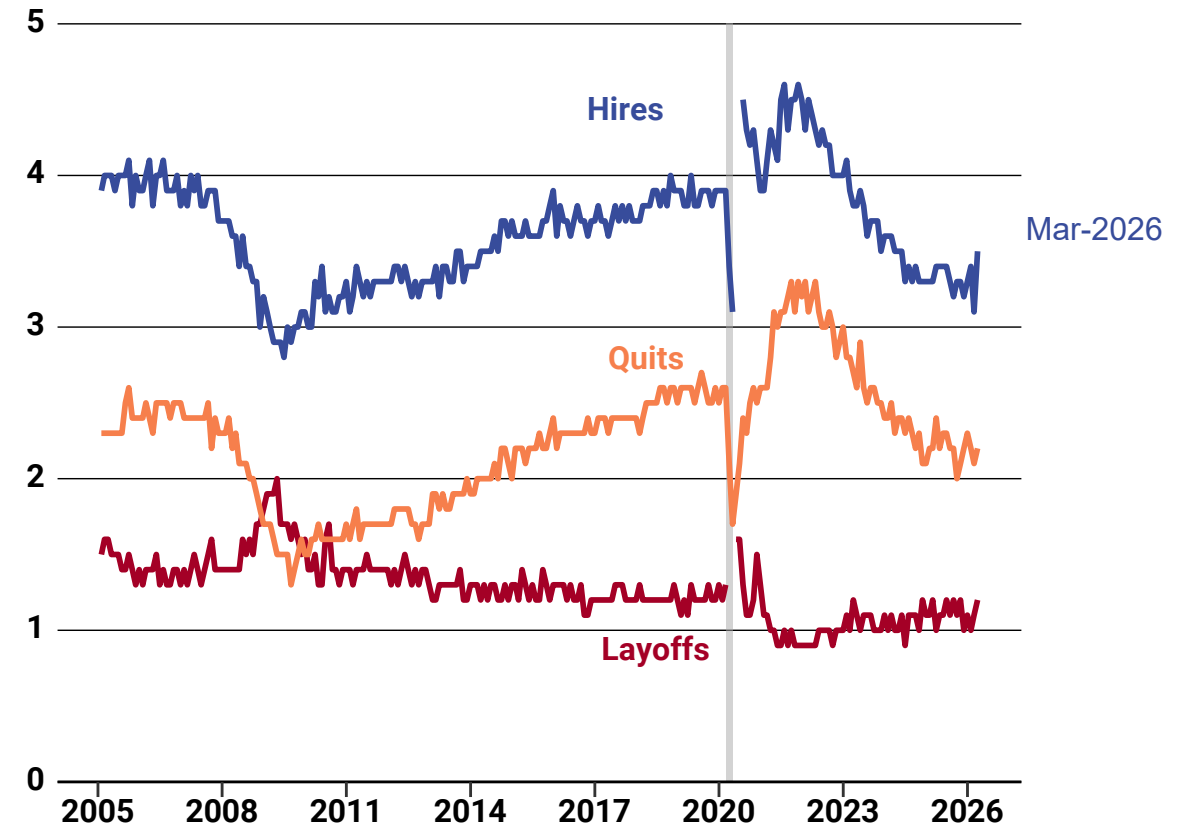
Labor market stable at low churn

Job openings per unemployed worker
(Rate, SA)



Source: BLS via Haver Analytics

JOLTS layoffs, quits, and hires rate
(Percent)

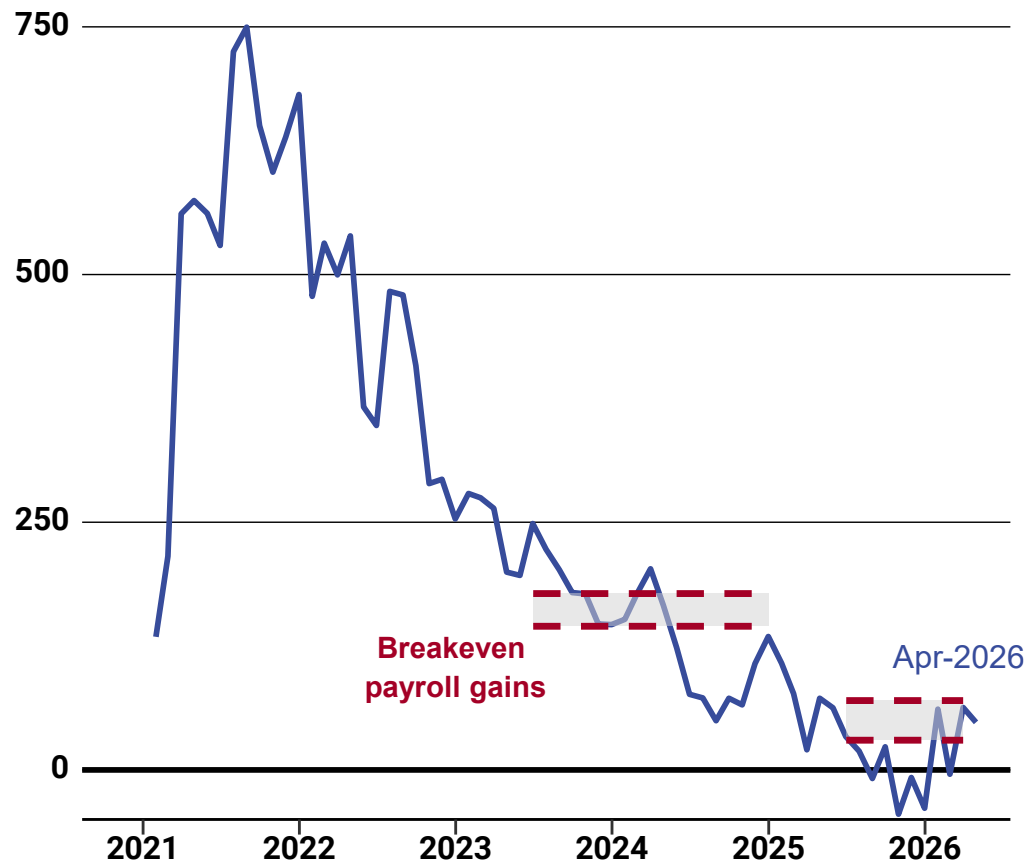


Note: Layoffs and hires peaked at 8.6 in Mar 2020 and 6.1 in May 2020 respectively.
Source: BLS via Haver Analytics

Job growth low, but enough to keep unemployment rate stable

Payroll gains

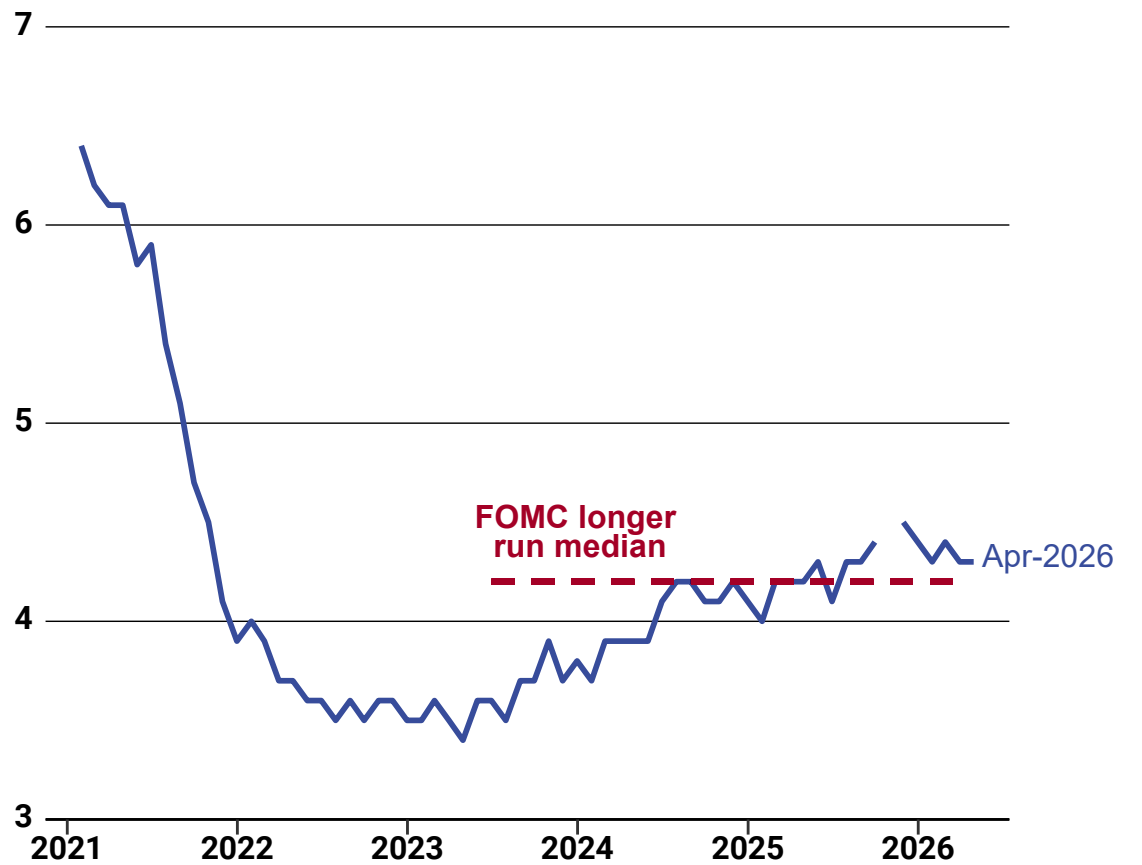
(3-month moving average, thousands, SA)



Source: BLS via Haver Analytics; BlueChip (breakevens)

Unemployment rate

(Percent, SA)



Source: BLS and CBO via Haver Analytics

A *not particularly* brief overview of Payrolls growth

- Headline number in “Employment Situation”
 - Usually first Friday of the month
 - Payroll (Net Jobs) and Household Survey (Unemployment Rate)
- How do you know if it is high or low?
- What is the “right” number of net jobs to create (lose?) each month?
- “Breakevens”
- $\text{Payroll Emp} = \text{Pop} * (\text{LF}/\text{Pop}) * (\text{HH Emp}/\text{LF}) * (\text{Payroll Emp}/\text{HH Emp})$
- $\text{Breakeven growth} = \text{Pop growth} + \text{LFP}^* \text{ growth} + (1-u^*) \text{ growth} + (\text{P}/\text{HH})^* \text{ growth}$

PayrollJobsGrowth

- Breakeven growth = Pop growth + LFP* growth + (1-u*) growth + (P/HH)* growth
- Population growth has been difficult to measure in real time in recent years: Immigration

A Brief Overview of Recent Immigration Trends

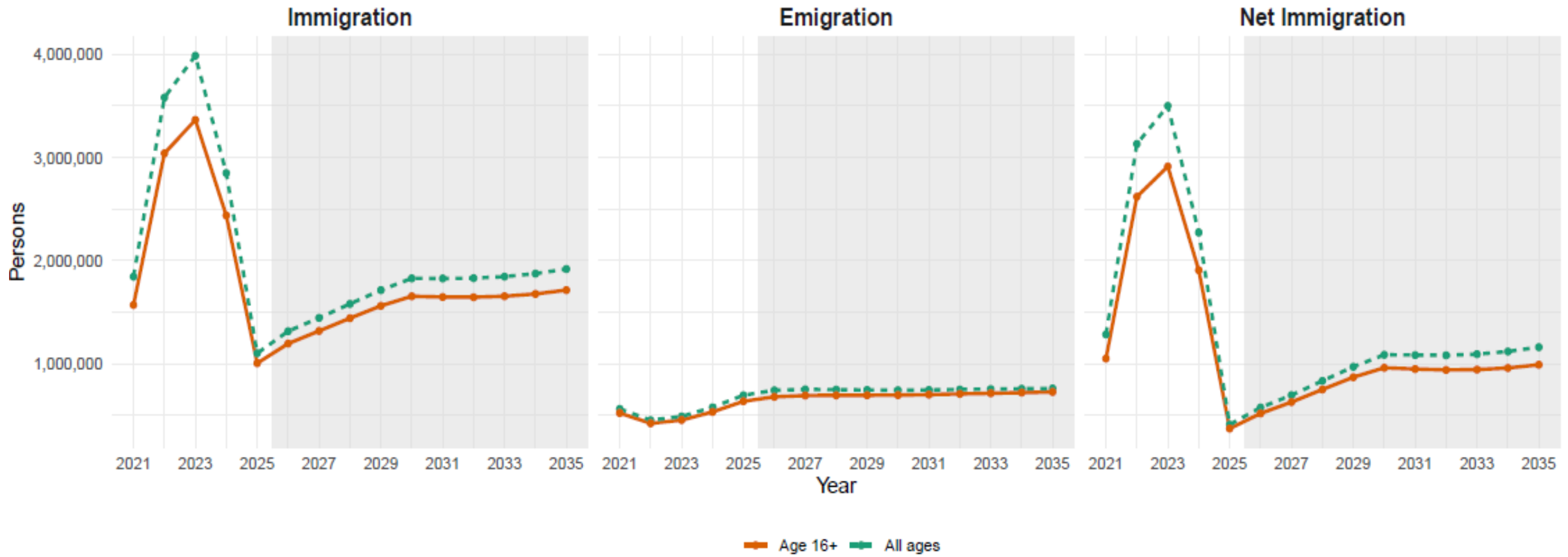
Immigration Projections Congressional Budget Office

- All Categories
 - Legal Permanent Residents
 - Non-Immigrant Temporary Workers and Visitors
 - Other Foreign Nationals

Immigration Projections Congressional Budget Office

CBO All Categories (LPR+ + INA + OFN) Immigration & Emigration Projections, 2021–2035

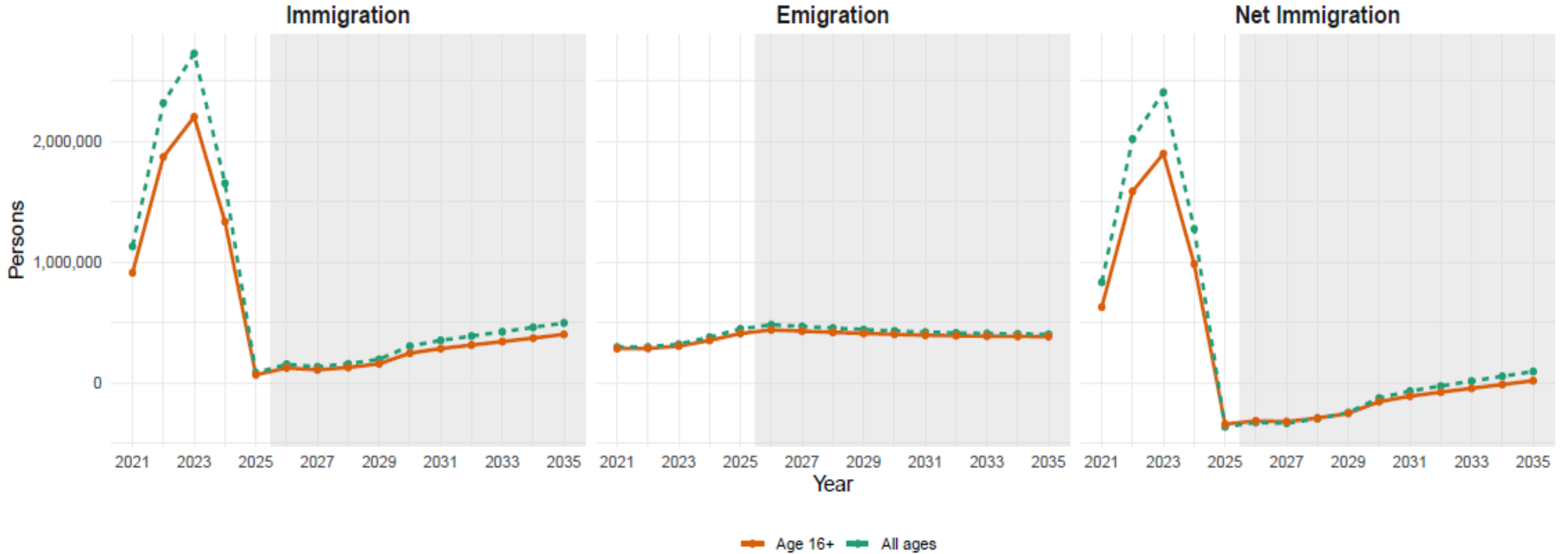
Source: CBO 61879 Demographic Projections



Immigration Projections: OFN category saw a big increase

CBO Other Foreign Nationals Immigration & Emigration Projections, 2021–2035

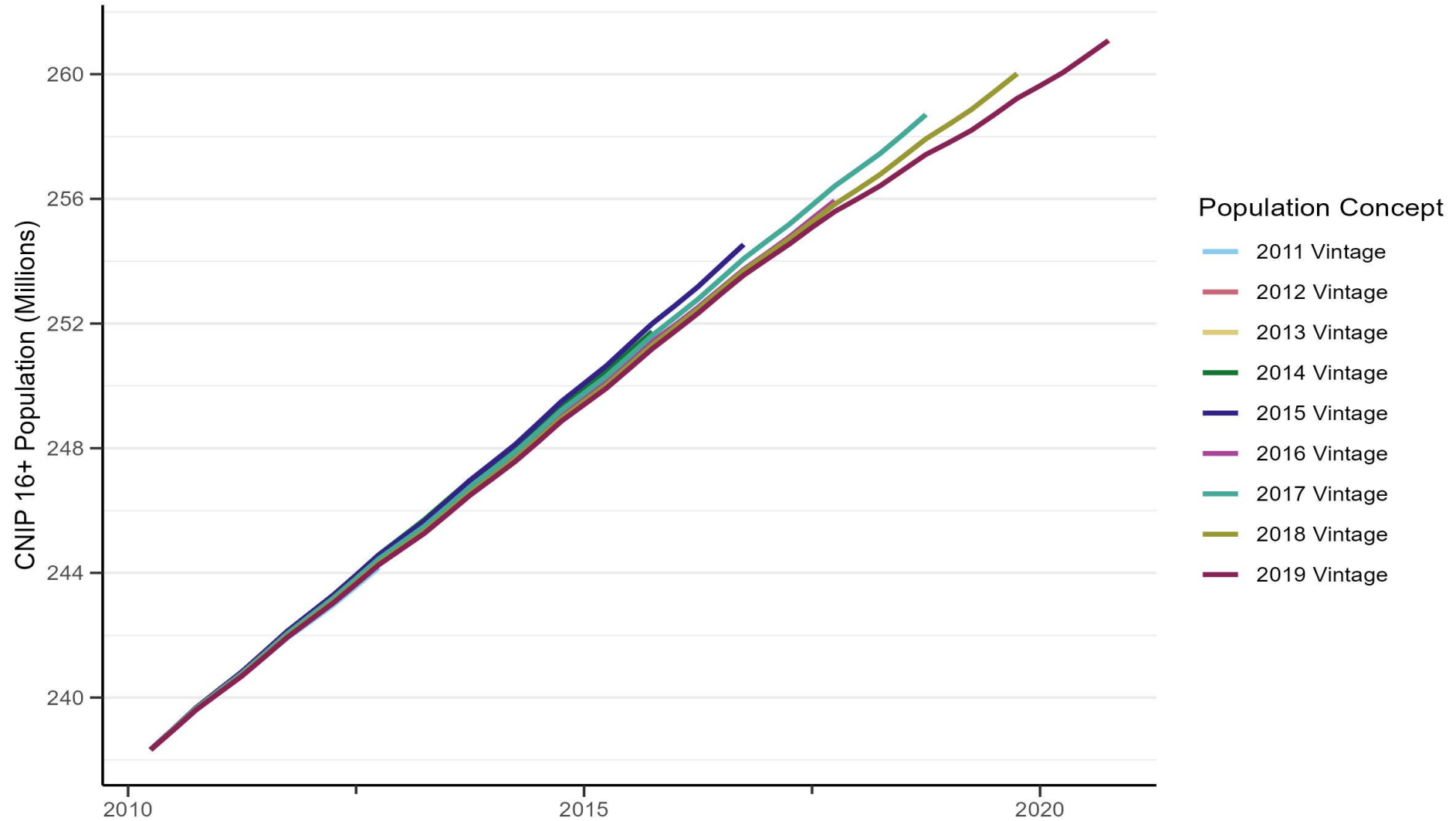
Source: CBO 61879 Demographic Projections



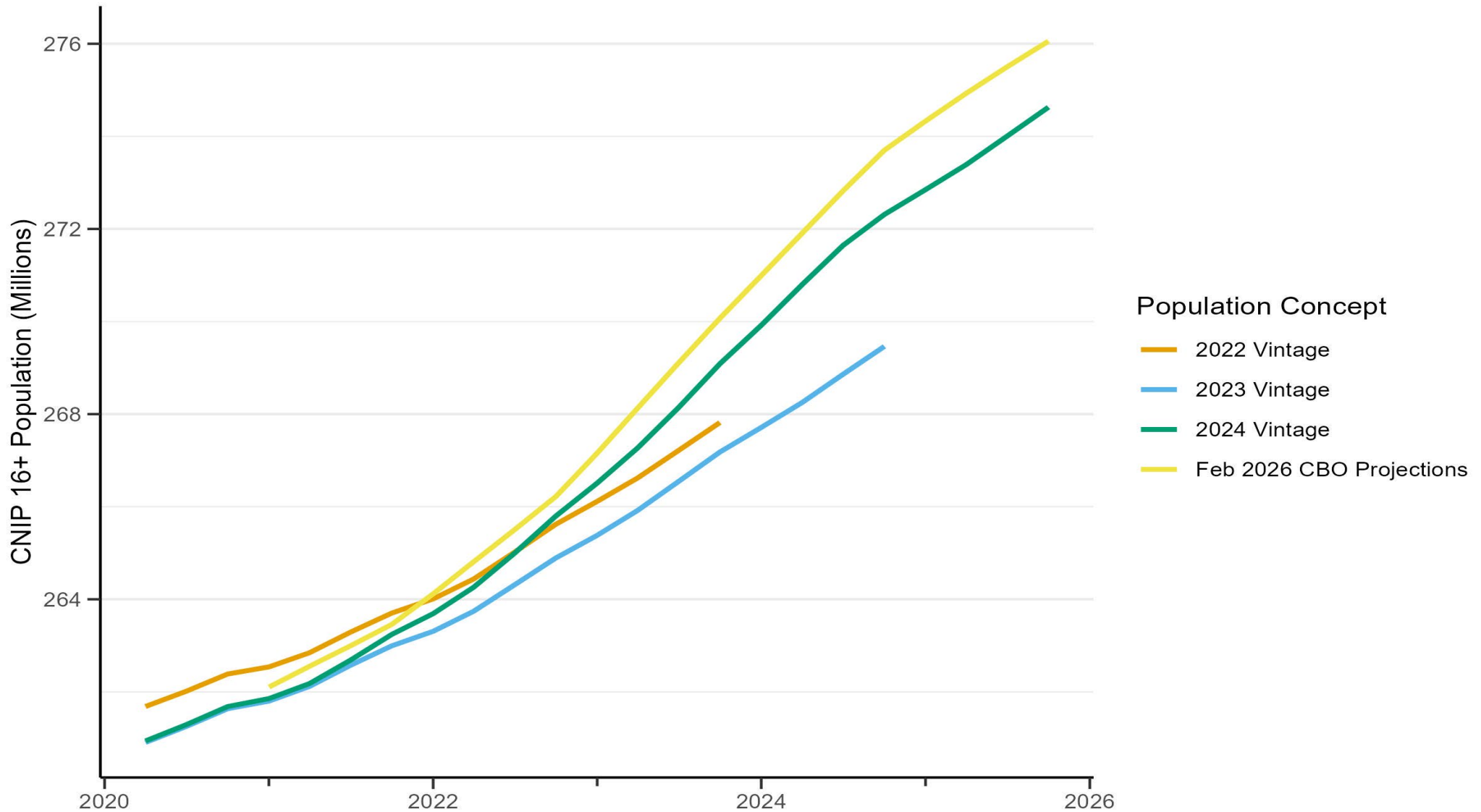
Immigration surge was not well-measured in real time

- Typically, Census uses the American Communities Survey “residence one year ago” to estimate international immigration
- Each year Census has a new “vintage” with new population projections
- This affects a lot of things (for example, Current Population Survey, aka Household Survey)
- Usually, population growth is steady, and there aren’t big differences between Vintages

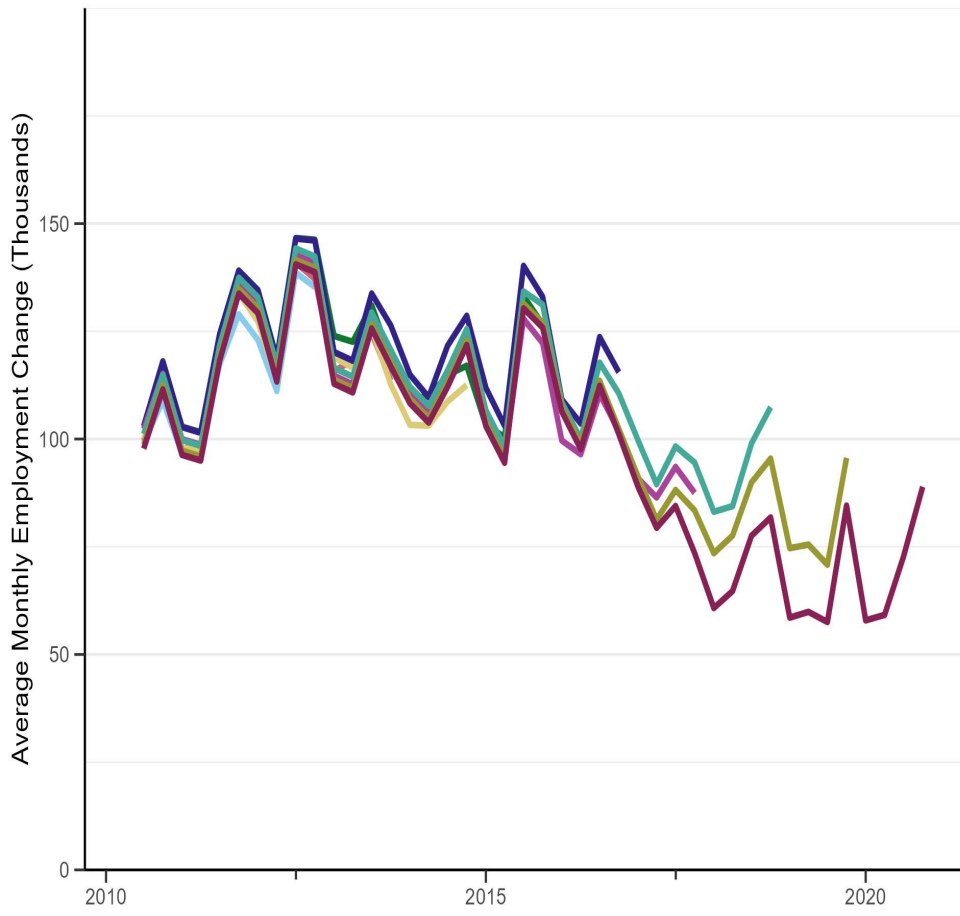
Census Population Vintages: 2011-2019



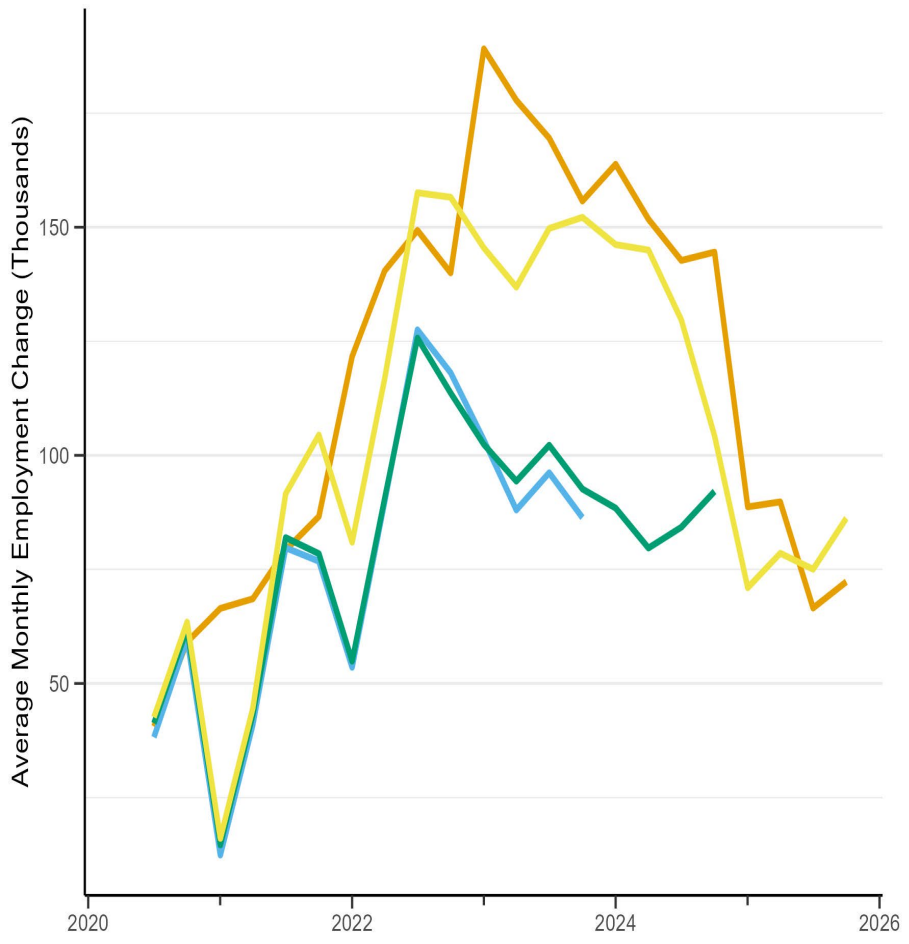
Census Population Vintages and CBO: 2020-2026



What does this mean for “breakeven” estimates?



- Population Concept
- Vintage 2011
 - Vintage 2012
 - Vintage 2013
 - Vintage 2014
 - Vintage 2015
 - Vintage 2016
 - Vintage 2017
 - Vintage 2018
 - Vintage 2019



- Population Concept
- Feb 2026 Projections (CBO)
 - Vintage 2022
 - Vintage 2023
 - Vintage 2024

Immigration surge was not well-measured in real time

- In 2023-2024, this meant we thought the labor market was “hotter” than it really was
- Net international migration is much lower now
- The emigration piece (people leaving) is even harder to measure than immigration (people coming)
- If more people leave than expected, payroll growth will be lower than breakevens, and we will think labor market is “cooler” than it really is.

Key Takeaways

- If population growth is zero (or negative), could see very low payroll jobs growth (or payroll job losses) without unemployment rising.
- Economic measurement – how we measure what is going on in real time – is critical for good economic decision-making.

If this is interesting to you, consider: research jobs at the Fed

- Interns
- Research Assistants
- Data Scientists/Research Analysts
- Grad Student Fellows
- Economists

Thank You!

Thank You!
