Handout for September 2026 Newsletter
Visualizing labor underutilization in FRED®

Purpose.

1. Create a plot of labor market data.
2. Change the graph's date range to show figures over the past ten years.
3. Describe and discuss patterns in the evolution of employment over time.

Pedagogical Rationale. This assignment requires that you first select data from a release table and plot them into a graph. Next, you will change the date range in the graph. 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 browse data by "Release." Search for "Employment Situation."
2. Select "Current Population Survey (Household Data)."
3. Scroll down and Select "Table A-15. Alternative measures of labor underutilization."
4. Select "Monthly, Not Seasonally Adjusted."
5. Select the following data series by clicking on the box to the left of each series name:
    a. U-1
    b. U-2
    c. U-3
    d. U-4
    e. U-5
    f. U-6
6. Plot the data series by clicking on "Add to Graph."
7. Change the data range by clicking on "10Y."

Writing Prompts. Answer the following questions:

1. Consider the full titles of each data series. Why is the "headline" unemployment rate (U-3) always lower than U-4? What does the gap between them tell us about the health of the labor market?
2. Consider the full titles of each data series. U-1 only counts people unemployed for 15 weeks or longer, while U-3 counts anyone unemployed regardless of duration. During and after a recession, which of these two measures would you expect to rise fastest, and which would you expect to stay elevated longest? Why?
3. Consider the full titles of each data series. U-6 includes "involuntary part-time workers" -- people who want full-time work but can only find part-time employment. Why does that distinction matter for evaluating whether the labor market is truly strong for workers?