

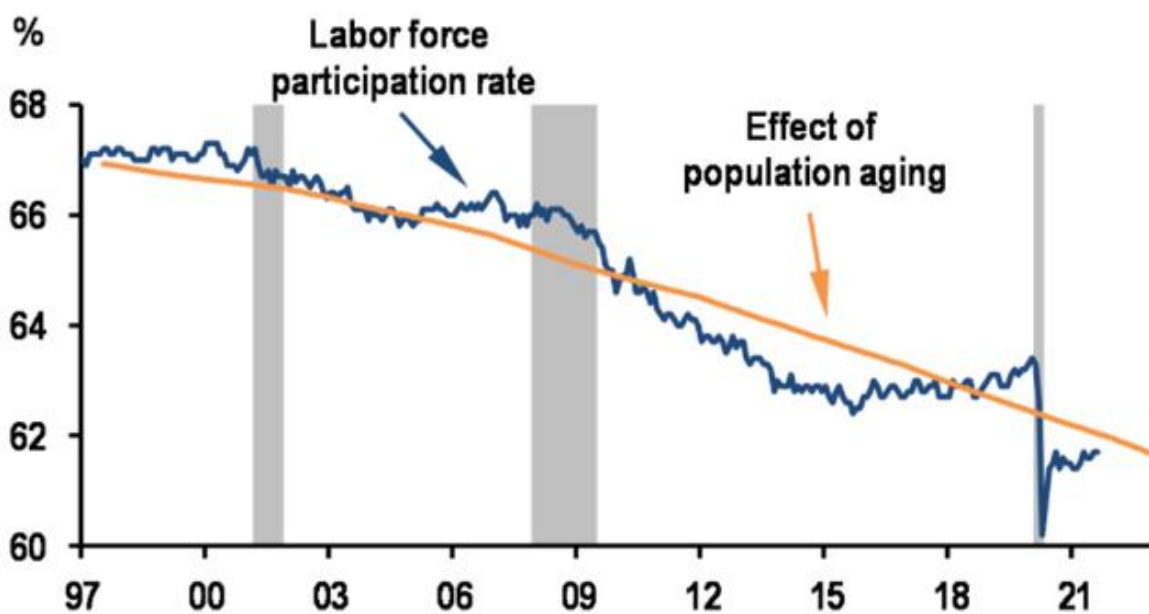
## CHART FOCUS: Labour Force Participation

At the peak of the Covid crisis the US lost 25 million jobs due to lockdowns, effectively shutting the economy. Since then, with a gradual reopening, these jobs have been brought back and currently the US has 5 million fewer people employed when compared to its pre-COVID peak.

This rapid gain has resulted in tight labour markets, where employers have had to be more competitive with wages to maintain their workforce. This dynamic where workers are quickly switching to better paying jobs is mostly taking place with a younger cohort. The financial media has picked up on this trend titling it “The Great Resignation”.

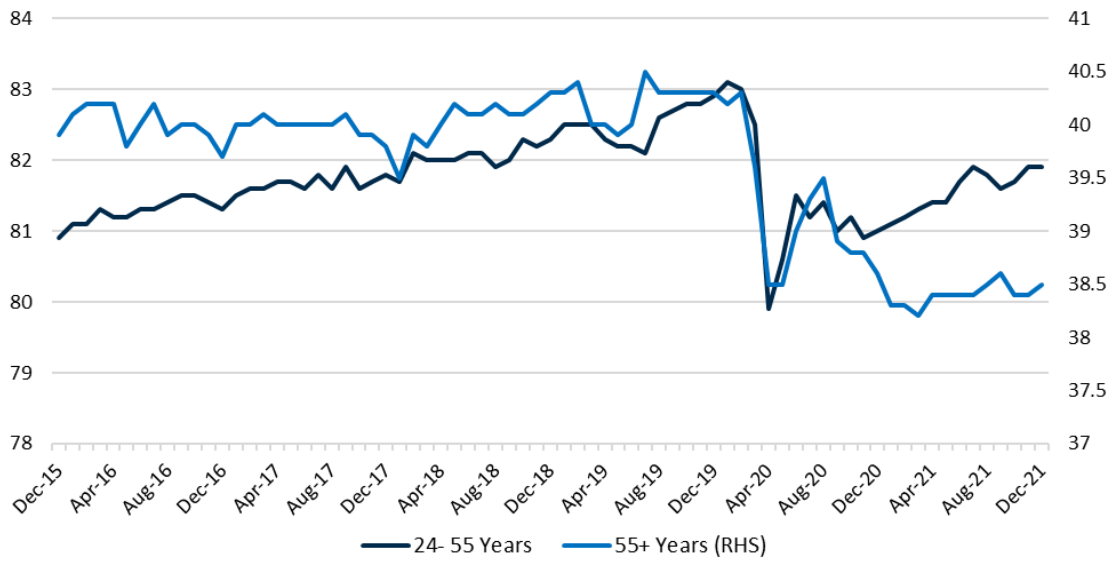
At the same time the US Labour force has been organically shrinking, as the Baby-Boomer generation moves into retirement, taking the labour force participation lower with it. The crisis of the last two years has served as a catalyst for an acceleration in this process – pointing to a Great Retirement taking place too.

Figure 1: Labour force participation rate and demographics



Source: JP Morgan

Figure 2: Labour force participation



Source: Bloomberg

This migration to retirement does imply that some portion of the jobs lost in the crisis will not return, however this is not necessarily a bad sign for the economy. These relatively better prospects for younger workers combined with further reopening of the economy ahead stand to improve the health of the US consumer.