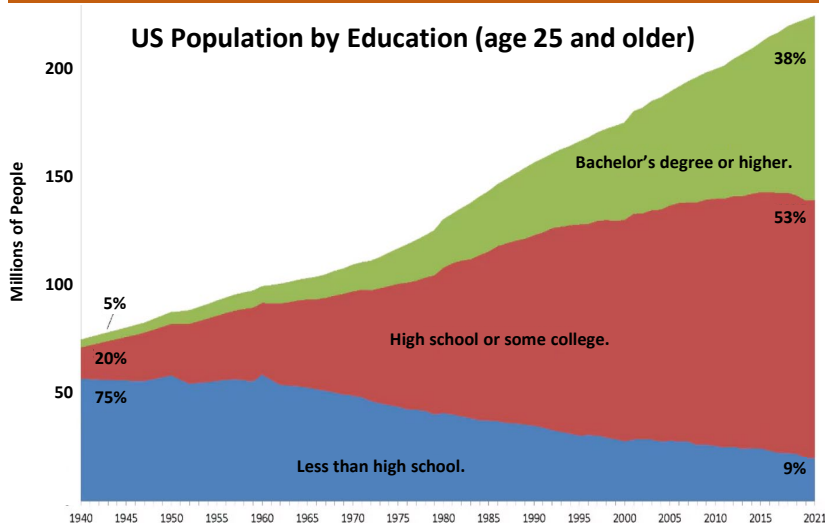


Economic & Market Watch Intelligence Brief

Briefing

- The employment-population ratio (EPR) measures the fraction of adults who are working. By contrast, the unemployment rate (UR) measures the fraction of adults in the labor force who are working. The EPR is more stable than the UR because only changes in employment affect the EPR, while both changes in employment and changes in the labor force affect the UR. Since 2000, the EPR has been rising for less educated workers and falling for more educated workers (**Figure 1**).
- Not only has employment among less educated workers been rising (**Figure 1**), their average wage rate has risen even faster than for more educated workers (**Figure 2**). This combination of increasing employment and faster-rising wages can only be caused by a significant increase in demand for less-educated workers. This increased demand is driven by: (1) a combination of inflation and higher interest rates, which make the replacement of low-skilled jobs with machines more costly; (2) a shift toward skills-based (rather than degree-based) hiring; and (3) growth in industries that traditionally rely more heavily on less-educated labor.
- Accounting for taxes and refundable tax credits, the after-tax income for the least educated workers has risen fastest (**Figure 3**).

Chart of the Week



Commentary

Starting in the early 1960s, the share of U.S. adults without a high school education fell sharply, from 75% to under 10%, as a high school diploma became the baseline for economic mobility in a credential-focused labor market (**Chart of the Week**).

Yet today, even as educational attainment continues to rise, employment and wage trends show unexpected strength among the least-educated workers. This tension between a rising supply of more-credentialed labor and renewed demand for less-credentialed labor challenges long-held assumptions about where opportunity resides in the modern economy.

High interest rates and wage inflation have contributed to automation and offshoring becoming less attractive in low-skill sectors, thereby increasing the relative value of physical labor. Persistent labor shortages in frontline industries—like construction, logistics and food services—have forced employers to broaden their hiring criteria. Growing concern about the quality of our primary and secondary schools (and, of late, our colleges) has coincided with a broader shift toward skills-based hiring, wherein employers look less at workers' educational pedigrees than at their demonstrated skills. This has unlocked more opportunities for workers without formal educations.

Snapshots

Figure 1: Employment-Population Rate (Age 25 and Over)

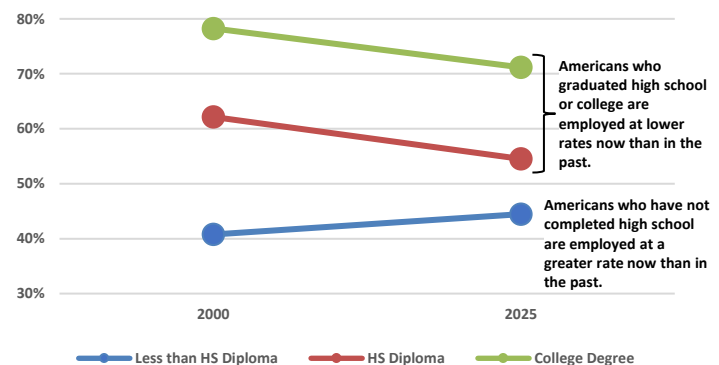


Figure 2: Average Annual Income Growth Before Taxes (2013–2023)

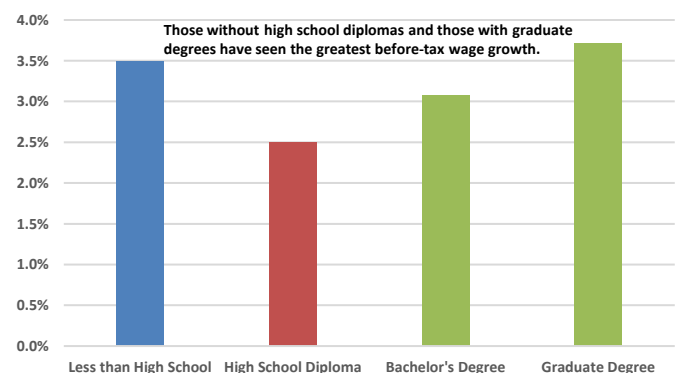
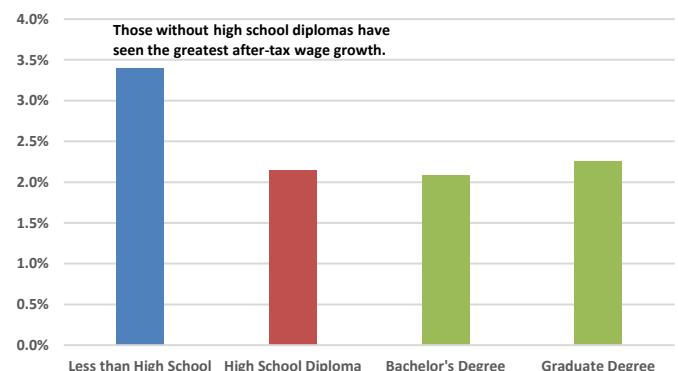


Figure 3: Average Annual Income Growth After Taxes (2013–2023)



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Economic & Market Watch Dashboard

Key Indicators

INTEREST RATES¹

	Current	2025			2026		
		Q3	Q4	Q1	Q2	Q3	
Fed Funds Target ² (%)	4.50	4.25	3.75	3.50	3.50	3.25	
SOFR (%)	4.34	4.07	3.83	3.60	3.42	3.20	
2Y UST (%)	3.69	3.71	3.58	3.50	3.45	3.42	
5Y UST (%)	3.75	3.91	3.82	3.77	3.74	3.71	
10Y UST (%)	4.21	4.29	4.23	4.20	4.18	4.16	
30Y UST (%)	4.80	4.75	4.69	4.66	4.62	4.60	

ECONOMY

	Current	2025			2026		
		Q3	Q4	Q1	Q2	Q3	
PCE Inflation (YoY %)	2.6	3.5	3.1	2.7	2.4	2.4	
CPI Inflation (YoY %)	2.7	3.6	3.3	2.8	2.6	2.5	
Real GDP (QoQ %)	3.0	0.7	0.8	1.4	1.8	1.9	
Unemployment (%)	4.2	4.4	4.5	4.6	4.6	4.6	
Consumer Spending (QoQ %)	1.4	0.6	0.8	1.4	1.7	1.8	
Industrial Production (YoY %)	0.7	0.9	0.8	1.1	0.6	0.7	

Equities & Currency

	Current	Year ago
DJIA	43,884	39,737
Nasdaq	20,867	16,776
S&P 500	6,238	5,347
US Dollar Index	\$1,208.35	\$1,249.24

Commodities

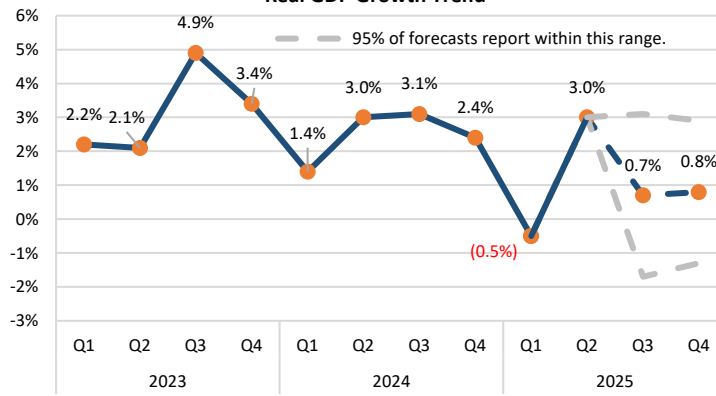
	Current	Year ago
Crude Oil (Per Barrel)	\$66.16	\$73.52
Natural Gas (Per MMBtu)	\$3.02	\$1.97
Coal (Per Short Ton)	\$14.30	\$14.00
Gold (Per Ounce)	\$3,375.10	\$2,425.70
Corn (Per Bushel)	\$3.89	\$3.87
Soybean (Per Bushel)	\$9.62	\$10.29

Industry

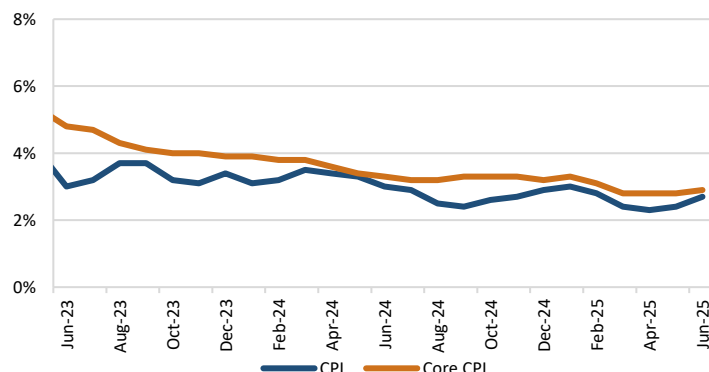
	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	3,123	3,270
U.S. Daily Power Consumption (MWh)	14,013,500	12,574,489
World Container Index (Per 40ft)	\$2,499	\$5,736

Forecasts

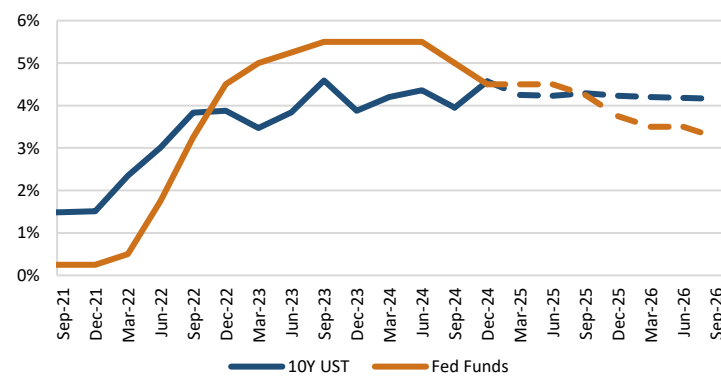
Real GDP Growth Trend



Headline vs. Core Inflation



10-Year US Treasury vs. Fed Funds Trend

¹ Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters.² Target rate forecast is based on futures market contracts.

Source: Blue Chip Financial Forecasts, Trading Economics, Moody's Analytics, Statista, Trading Economics, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Energy Information Administration, U.S. Treasury Department, Federal Reserve Bank of Atlanta, Federal Reserve Bank of New York, Federal Reserve Bank of St. Louis, International Monetary Fund, World Bank, University of Michigan, The Conference Board.

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