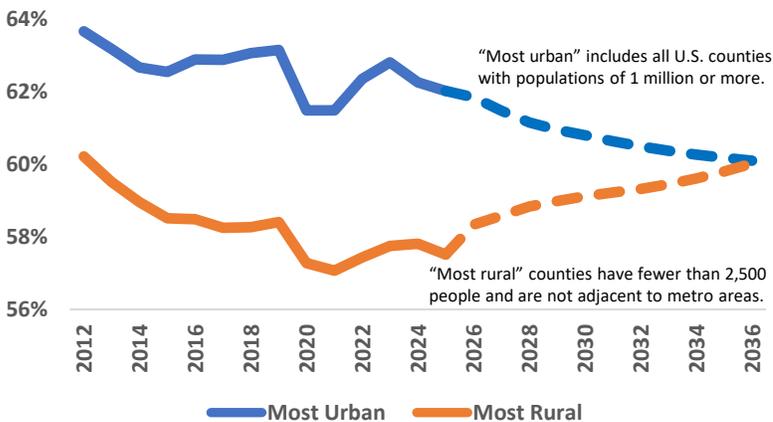


Briefing

- The labor force participation rate measures the fraction of working-age adults who either have jobs or are actively looking for work. The rate rose from below 59% in the 1960s to above 67% in the 1990s and is currently around 63%.
- Oxford Economics estimates that annual employment growth across the U.S. will average 0.4% over the next decade. Employment growth in the electric power generation, transmission and distribution industry is expected to be less than the U.S. average but to vary widely among states. Growth in the dark green states (**Figure 1**) is expected to match overall U.S. growth. Growth among dark orange states is expected to be negative.
- Like unemployment, labor force participation varies by education, with higher educated workers being more likely to be labor force participants. In part, this is due to these workers being more likely to afford childcare and less likely to become discouraged in their job searches due to them often being qualified for a wider spectrum of jobs (**Figure 2**).
- The cost of childcare also influences labor force participation. The more expensive childcare is (relative to family income), the more pressure there is for one parent to forego working to care for children (**Figure 3**). Multiple studies find that, in the U.S., a 10% increase in childcare costs is associated with a 1 to 3 percentage point decline in labor force participation.

Chart of the Week

Projected Labor Force Participation Rates



Commentary

Economy watchers pay close attention to the unemployment rate as an indicator of expected slower economic growth (when it's high) or expected elevated inflation (when it's low). But to be counted as employed (or unemployed), one must first be a labor force participant: one who either has a job or is actively looking for one. People who have given up looking for work because they are convinced there is none to be had or who, because of health or economic reasons, have chosen not to pursue employment are not labor force participants. A low participation rate can indicate something more fundamental and permanent than mere job loss.

For decades, labor force participation in the U.S. has been higher in urban areas than in rural. That pattern changed with COVID (**Chart of the Week**). As employers and workers became comfortable with remote work, it became easier for people who were tied to their homes to now join the workforce. In addition, workers in higher-cost urban areas now had the ability to move to lower-cost rural areas and take their jobs with them. Lastly, healthy asset appreciation since 2020 has enabled the more affluent who are close to retirement to retire earlier. As more affluent workers tend to reside in more urban areas, this caused greater downward pressure on labor participation in urban areas than in rural areas.

Snapshots

Figure 1. Projected Employment Growth in Electric Industry (2026–2036, Annual)

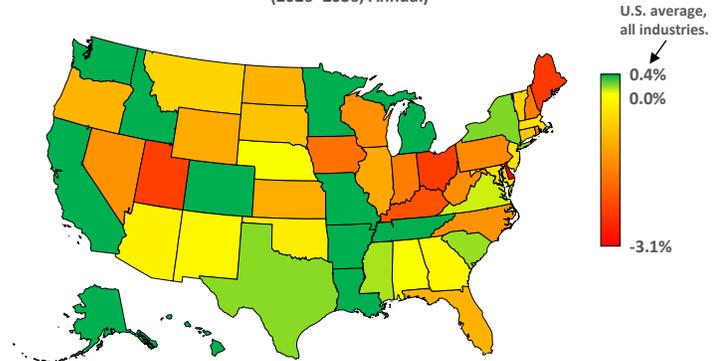


Figure 2. Labor Participation by Education

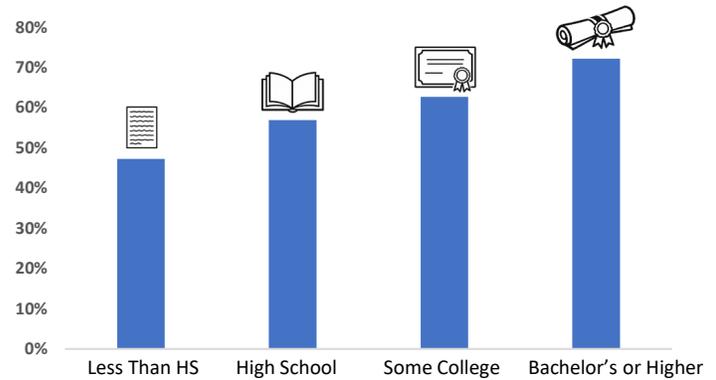
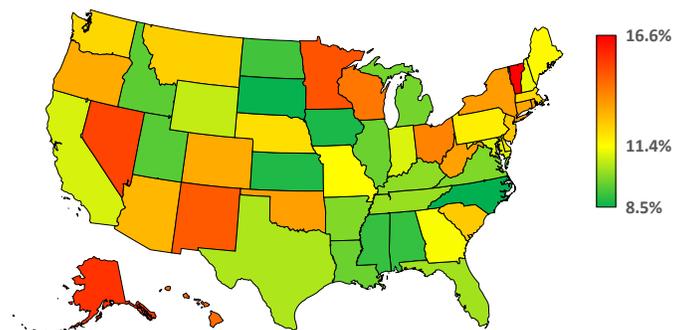


Figure 3. Child Care Costs per Median Family Income



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Key Indicators

INTEREST RATES ¹	2026					2027
	Current	Q1	Q2	Q3	Q4	Q1
Fed Funds Target ² (%)	3.75	3.75	3.75	3.50	3.50	3.50
SOFR (%)	3.65	3.54	3.38	3.23	3.16	3.14
2Y UST (%)	3.58	3.49	3.46	3.43	3.38	3.35
5Y UST (%)	3.74	3.70	3.69	3.68	3.66	3.65
10Y UST (%)	4.17	4.18	4.17	4.17	4.16	4.16
30Y UST (%)	4.79	4.78	4.77	4.76	4.74	4.73

ECONOMY	2026					2027
	Current	Q1	Q2	Q3	Q4	Q1
PCE Inflation (YoY %)	2.9	2.9	2.7	2.5	2.3	2.3
CPI Inflation (YoY %)	2.4	2.8	2.7	2.6	2.4	2.5
Real GDP (QoQ %)	1.4	2.2	2.0	2.0	2.1	2.1
Unemployment (%)	4.4	4.5	4.4	4.4	4.3	4.3
Consumer Spending (QoQ %)	2.4	1.3	1.5	1.7	1.8	2.0
Industrial Production (YoY %)	2.3	1.2	1.1	0.9	1.3	1.9

Equities & Currency

	Current	Year ago	YoY Δ
DJIA	46,877	41,912	11.85%
Nasdaq	22,115	17,468	26.60%
S&P 500	6,655	5,615	18.52%
US Dollar Index	\$1,205.76	\$1,270.88	(4.91%)

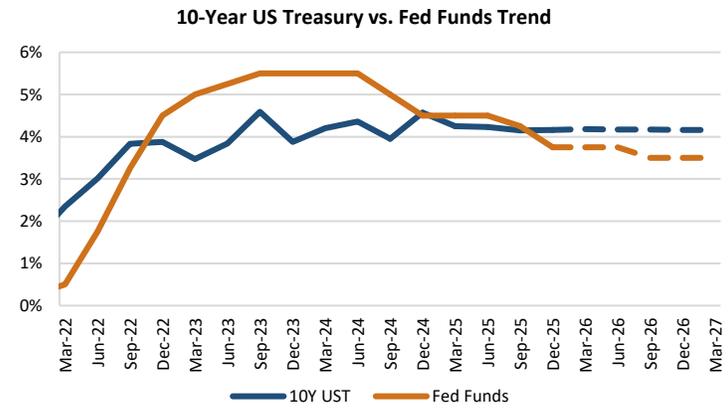
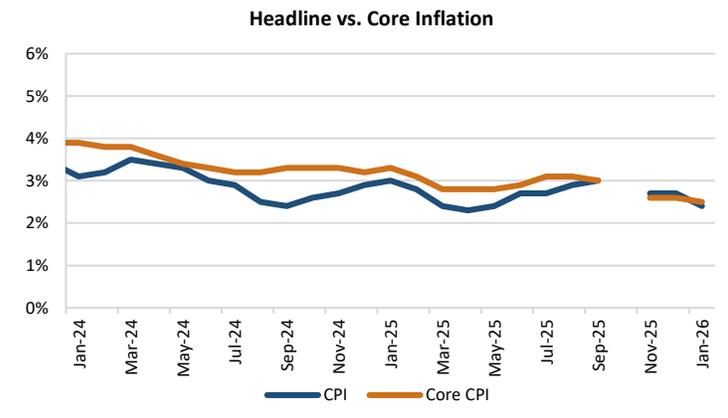
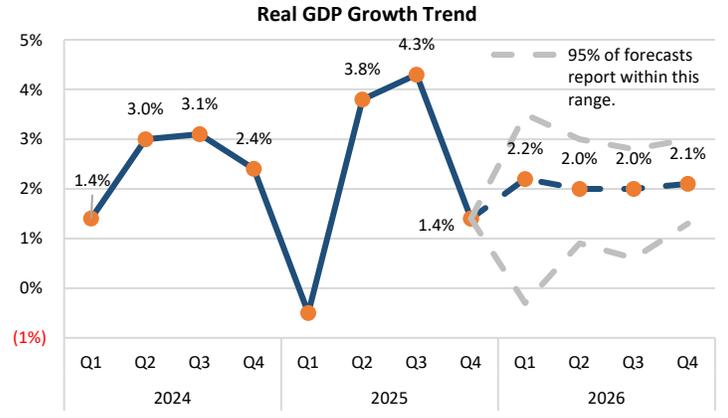
Commodities

	Current	Year ago	YoY Δ
Crude Oil (Per Barrel)	\$100.14	\$66.03	51.66%
Natural Gas (Per MMBtu)	\$3.87	\$4.49	(13.81%)
Coal (Per Short Ton)	\$13.73	\$10.46	31.26%
Gold (Per Ounce)	\$5,089.10	\$2,899.40	75.52%
Corn (Per Bushel)	\$4.64	\$4.72	(1.60%)
Soybean (Per Bushel)	\$12.12	\$10.14	19.55%

Industry

	Current	Year ago	YoY Δ
Natural Gas Storage (Billion Cubic Feet)	1,886	1,771	6.50%
U.S. Daily Power Consumption (MWh)	9,626,636	9,682,263	(0.57%)
World Container Index (Per 40ft)	\$1,958	\$2,541	(22.94%)

Forecasts



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

Sources: Data Sources Copyright ©: Oxford Economics, Blue Chip Financial Forecasts, Trading Economics, Moody's Analytics, Statista, Oxford 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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