

Signals from Entry/Exit vs. Continuers in CES

$$\Delta CES \text{ Emp.} = \Delta Emp^{Continuing \text{ Firms}} + \Delta Emp^{Entry/Exit}$$

$$\Delta Emp^{Entry/Exit} = \text{Imputation} + \text{Net Birth Death Model}$$

- Typically, no realtime signal in $\Delta Emp^{Entry/Exit}$
 - *Imputation* assumed to be equal to 0 (deaths = births), *Net Birth Death Model* uses previous years' data
 - Exception: during pandemic, both components included realtime information

⇒ For clearest realtime signal, focus on $\Delta Emp^{Continuing \text{ Firms}}$

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