

**Banca D'Italia**  
**Mini Course on**  
**Labor Market Analysis for Central Bankers**

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This mini course covers new developments in analyzing labor market data in light of search and matching theory to inform macroeconomic policy analysis.

**Day 1:** Flow approach to labor markets

- Two-state model of the labor market
- Three-state model of the labor market
- Flow origins of unemployment and labor force participation fluctuations
- Forecasting power of labor market flows

**Day 2:** Estimating the natural rate of unemployment

- Basic search and matching framework
- Estimates of matching efficiency based on micro data: mismatch, recruiting intensity, search effort
- Estimation of the natural rate using labor market flows and inflation expectations:  
Guest lecture by Stefano Eusepi on the estimation of the New Keynesian Phillips Curve

**Day 3:** Secular trends in the labor market

- Wage dynamics: aggregate and micro data
- Dual aging of workers and firms
- Projections based on flows data