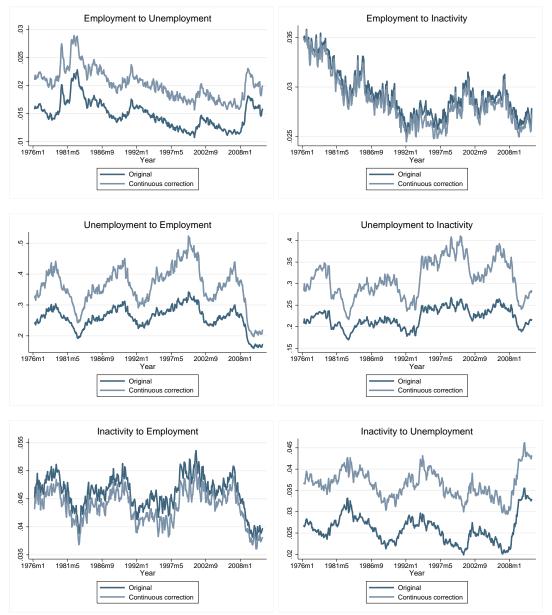
## Online Appendix

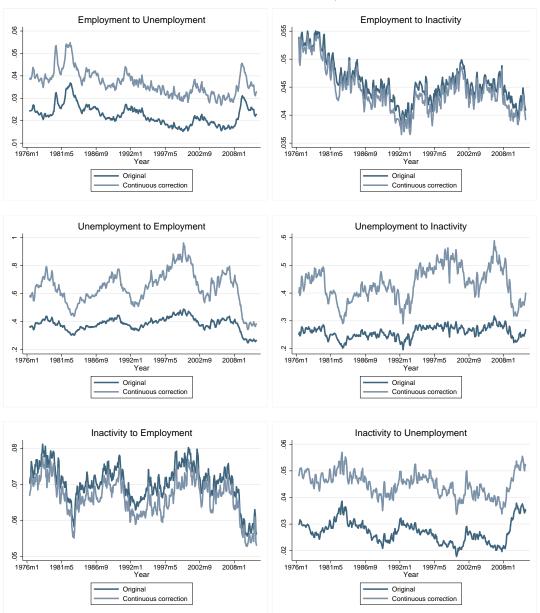
## The importance of frequency in estimating labour market transition rates

Figure A1: Comparison of monthly transition rates (original vs. continuous correction)



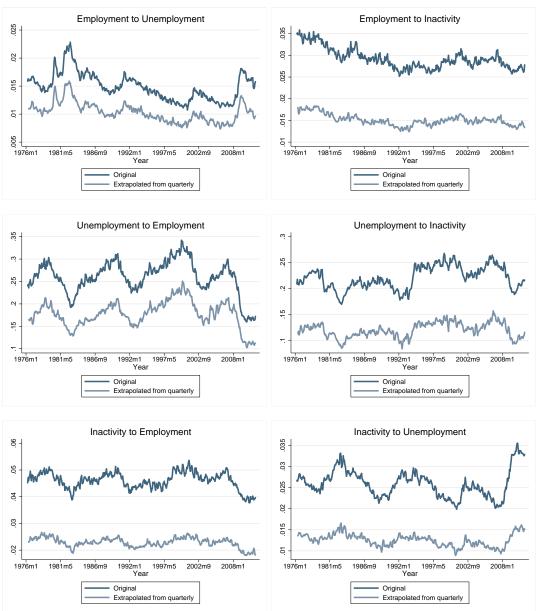
Notes:  $n_m$  are the transition rates calculated directly from CPS.  $\hat{\lambda}_m$  are the continuous transition rates calculated using equation (3). All the series are a 3-month moving average.

Figure A2: Comparison of quarterly transition rates (original vs. continuous correction)



Notes:  $n_q$  are the transition rates calculated directly from CPS.  $3 \times \hat{\lambda}_q$  are the continuous transition rates calculated using equation (4). All the series are a 3-month moving average.

Figure A3: Comparison of monthly transition rates (original vs. extrapolated)



Notes:  $n_m$  are the transition rates calculated directly from CPS.  $\hat{n}_m$  are the extrapolated rates calculated using equation (2). All the series are a 3-month moving average.

**Employment to Unemployment** Employment to Inactivity .05 .04 8 .03 90. .02 8 1981m5 1976m1 1981m5 1976m1 1986m9 1992m1 1997m5 2002m9 2008m1 2002m9 Original Original Extrapolated from monthly Extrapolated from monthly Unemployment to Employment Unemployment to Inactivity 2002m9 1981m5 1997m5 2002m9 2008m1 Original Original Extrapolated from monthly Extrapolated from monthly Inactivity to Unemployment Inactivity to Employment -07 90: 12 .05 ģ .03 89

Figure A4: Comparison of quarterly transition rates (original vs. extrapolated)

Notes:  $n_q$  are the transition rates calculated directly from CPS.  $\hat{n}_q$  are the extrapolated rates calculated using equation (1). All the series are a 3-month moving average.

1976m1

1981m5

1997m5

2002m9

2008m1

9 1976m1

1981m5

1986m9

1992m1 Year

1997m5

Extrapolated from monthly

2002m9

2008m1