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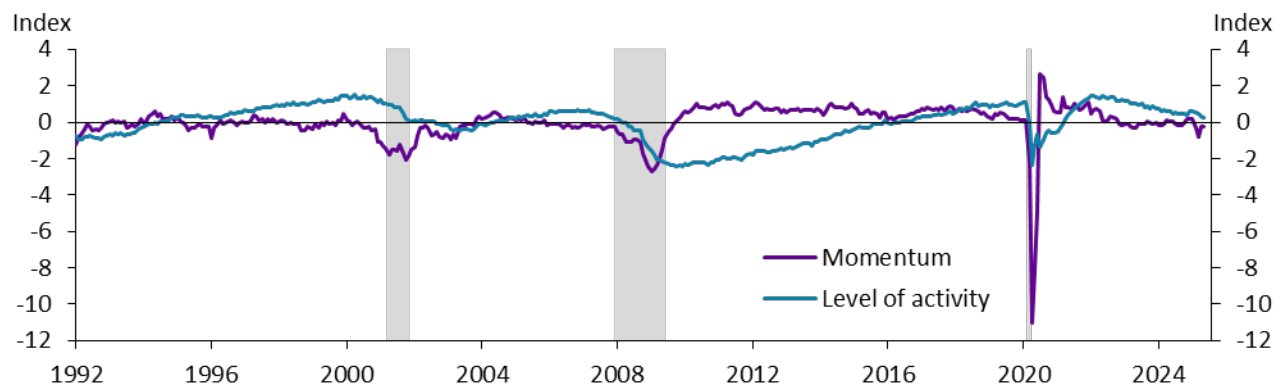
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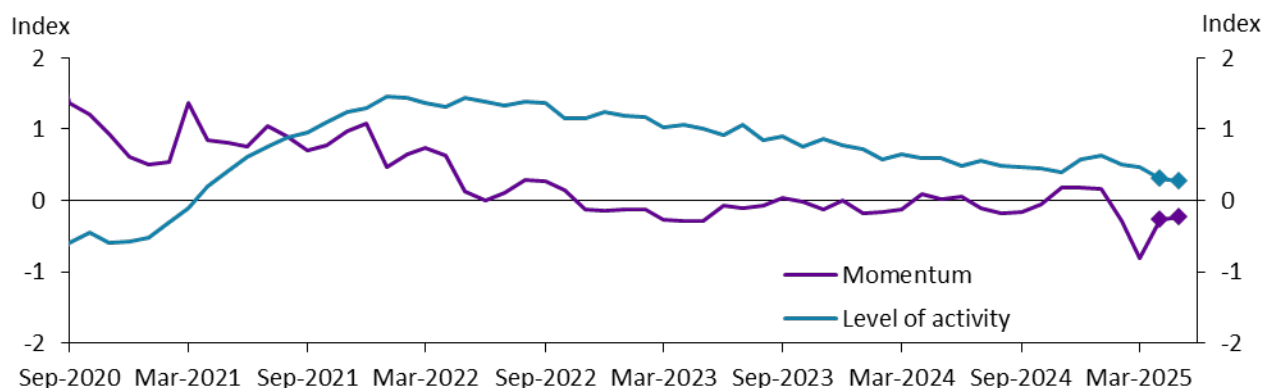
## **The KC Fed LMCI suggests the level of activity declined slightly and momentum was little changed in May.**

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined slightly, and momentum was little changed in May. The level of activity declined by 0.05, from 0.31 to 0.26, though it remains above its historical average. Meanwhile, the momentum indicator was little changed at  $-0.24$ .

### **LMCI January 1992–May 2025**



### **LMCI September 2020–May 2025**



Note: Bottom chart begins in September 2020 to remove pandemic-related volatility and more clearly illustrate recent developments in the series.

The first column of the table below shows the labor market variables that made the largest contributions to the 0.05 decline in the activity indicator this month. Overall, eight variables made a positive contribution to the change in the activity indicator, six variables made no contribution, and 10 variables made a negative contribution. The largest positive contributor to the change in the level of activity was the expected job availability index from the Conference Board. In May, the expected job availability index came in at 92.6, an improvement from 81.5 in April. However, the reading remained below 100, indicating that more respondents expect fewer jobs in six months than expect more jobs. The largest negative contributor to the change in the level of activity was job leavers as a percent of the unemployed. In May, 9.8 percent of unemployed workers had voluntarily left their previous jobs, down from 11.8 percent in April, and continuing a steady decline since December 2024.

**Largest Contributions to the LMCI**

<b>Largest positive contributions to the change in the <i>level of activity</i> indicator in May 2025</b>	<b>Largest positive contributions to the change in the <i>momentum</i> indicator in May 2025</b>
Expected job availability (Conference Board)	Expected job availability (Conference Board)
Unemployed 27 or more weeks	Announced job cuts (Challenger-Gray-Christmas)
<b>Largest negative contributions to the change in the <i>level of activity</i> indicator in May 2025</b>	<b>Largest negative contributions to the change in the <i>momentum</i> indicator in May 2025</b>
Job leavers	Unemployed 27 or more weeks
Job flows from U to E	Temporary help employment

Note: Contributions are ordered from largest in absolute value to smallest.

The second column of the table shows the variables that made the largest contributions to the 0.03 increase in the momentum indicator this month. Overall, 10 variables made a positive contribution to the change in the momentum indicator, six variables made no contribution, and eight variables made a negative contribution. Similar to the level of activity, the expected job availability index from the Conference Board was the largest positive contributor to the change in momentum. The largest negative contributor to momentum was the share of unemployed individuals out of work 27 or more weeks, which declined from 23.5 to 20.4 percent in May. Historically, this share is positively related with momentum, as both rise in the early stages of expansions and fall as the expansion matures. Thus, this month’s modest decline in the share of unemployed 27 weeks or more served as a modest drag to momentum.