

**FOR IMMEDIATE RELEASE**

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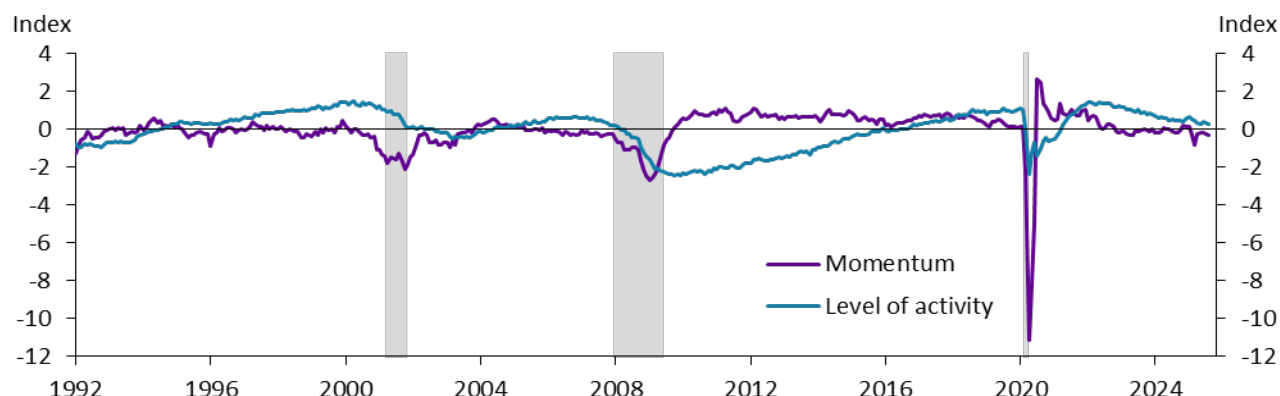
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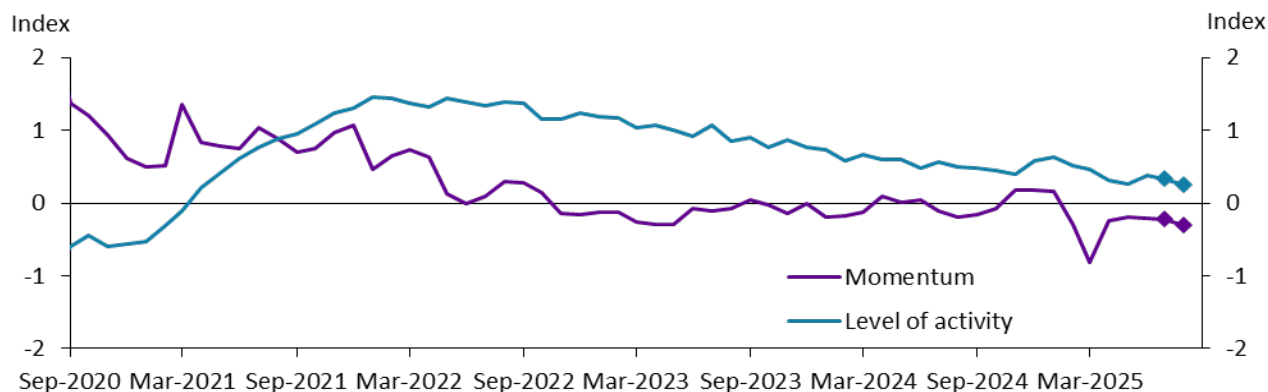
## **The KC Fed LMCI suggest the level of activity declined modestly and momentum decelerated moderately in August.**

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined modestly and momentum decelerated moderately in August. The level of activity decreased by 0.07, from 0.32 to 0.25, but remains above its historical average. Meanwhile, the momentum indicator decreased by 0.09, from  $-0.23$  to  $-0.32$ . This LMCI release does not incorporate preliminary benchmark revisions published September 9 by the Bureau of Labor Statistics (BLS), as these revisions did not update official establishment survey estimates of monthly total nonfarm employment.

### **LMCI January 1992–August 2025**



### **LMCI September 2020–August 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 0.07 decrease in the activity indicator this month. Overall, four variables made a positive contribution to the change in the activity indicator, six variables made no contribution, and 14 variables made a negative contribution. The largest positive contributor to the change in the level of activity was the net percent of firms planning to increase employment from the National Federation of Independent Business (NFIB) survey. In August, on net, 15 percent of firms planned to increase employment, up from 14 percent in July. The largest negative contributor to the change in the level of activity was flows from unemployment to employment (the job-finding rate). In August, 24.7 percent of workers who were previously unemployed found a job, down from 26.8 percent in July and 27.7 percent in June.

### Largest Contributions to the LMCI

Largest positive contributions to the change in the <i>level of activity</i> indicator in August 2025	Largest positive contributions to the change in the <i>momentum</i> indicator in August 2025
Percent of firms planning to increase employment (NFIB)	Job flows from U to E
Average hourly earnings	Manufacturing employment index (ISM)
Largest negative contributions to the change in the <i>level of activity</i> indicator in August 2025	Largest negative contributions to the change in the <i>momentum</i> indicator in August 2025
Job flows from U to E	Announced job cuts (Challenger-Gray-Christmas)
Job losers	Expected job availability (U of Michigan)

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 0.09 decrease in the momentum indicator this month. Overall, seven variables made a positive contribution to the change in the momentum indicator, six variables made no contribution, and 11 variables made a negative contribution. The largest positive contributor to the change in momentum was flows from unemployment to employment. Historically, the job-finding rate is negatively related with momentum, as it rises in tight labor markets where there is little room to grow and thus little momentum. The largest negative contributor to the change in momentum was announced job cuts (Challenger-Gray-Christmas). In August, firms announced 85,979 job cuts, up from 62,075 in July, driven by increases in announced layoffs in the financial and pharmaceutical sectors.