



NEWS RELEASE

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April 8, 2025

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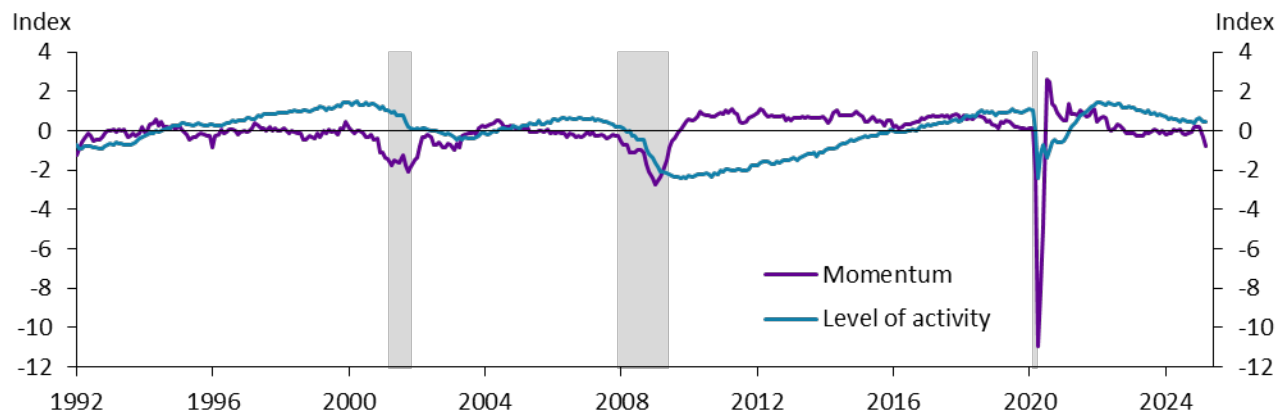
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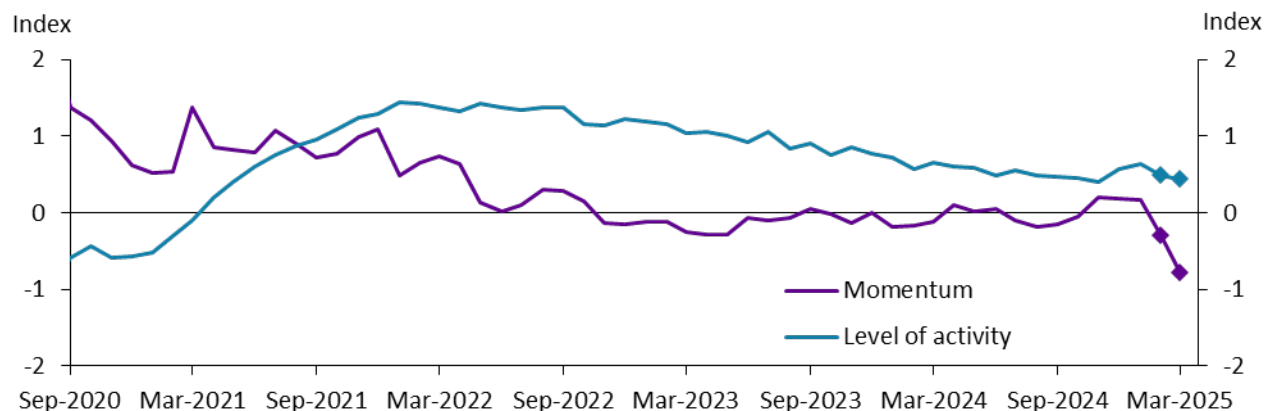
The KC Fed LMCI suggests the level of activity declined slightly and momentum decelerated in March.

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined slightly, and momentum decelerated in March. The level of activity declined by 0.04, from 0.48 to 0.44, remaining above its historical average. The momentum indicator decreased by 0.49, from -0.30 to -0.79 . After remaining around zero for the past two years, momentum has experienced notable declines since January, falling to its lowest level since June 2020.

LMCI January 1992–March 2025



LMCI September 2020–March 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 0.04 decline in the activity indicator this month. Overall, 10 variables made a positive contribution to the change in the activity indicator, five variables made no contribution, and nine variables made a negative contribution. The largest positive contributor to the change in the level of activity was the percent of firms with positions not able to fill right now from the National Federation of Independent Business (NFIB) survey. In March, 40 percent of firms had job openings that they could not fill, up from 38 percent in February. The largest negative contributor to the change in the level of activity was the percent of firms planning to increase employment (NFIB). In March, 12 percent of firms planned to increase employment, down from 15 percent in February.

Largest Contributions to the LMCI

| Largest positive contributions to the change in the level of activity indicator in March 2025 | Largest positive contributions to the change in the momentum indicator in March 2025 |
|--|---|
| Percent of firms with positions not able to fill right now (NFIB) | Average hourly earnings |
| Job flows from U to E | Aggregate weekly hours |
| Largest negative contributions to the change in the level of activity indicator in March 2025 | Largest negative contributions to the change in the momentum indicator in March 2025 |
| Percent of firms planning to increase employment (NFIB) | Announced job cuts (Challenger-Gray-Christmas) |
| Job leavers | Expected job availability (Conference Board) |

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 0.49 decrease in the momentum indicator this month. Overall, seven variables made a positive contribution to the change in the momentum indicator, five variables made no contribution, and 12 variables made a negative contribution. The largest negative contributor to momentum was announced job cuts (Challenger-Gray-Christmas). In March, firms announced 275,240 job cuts, up from 172,017 in February. Notably, the next four largest negative contributors to momentum were all forward-looking indicators based on survey data: expected job availability indexes from the University of Michigan and the Conference Board, the manufacturing employment index from the ISM, and percent of firms planning to increase employment from the NFIB. Together, these contributors suggest rising pessimism among consumers and businesses about the future state of the labor market. However, this pessimism has yet to translate into contemporaneous changes in the labor market, as evinced by the relative stability of the level of activity indicator.

