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August 5, 2025

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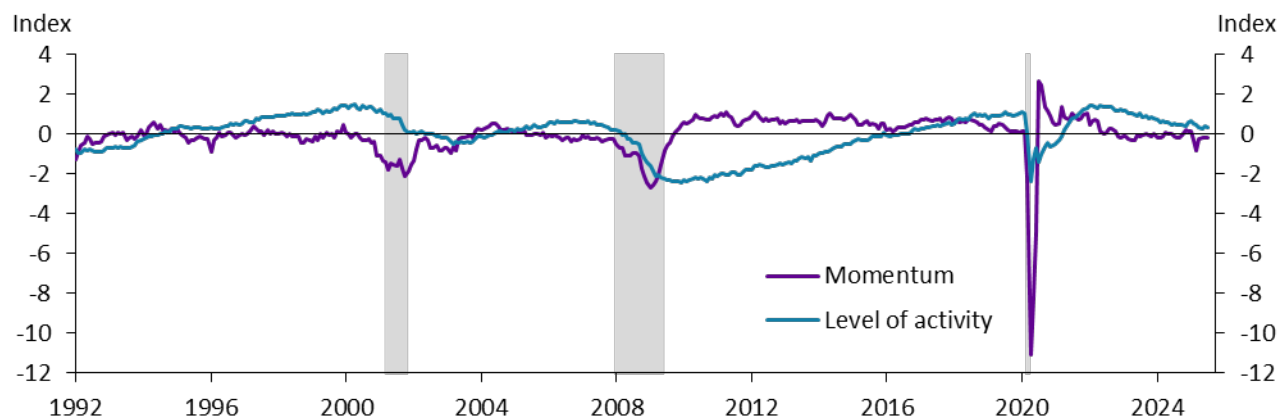
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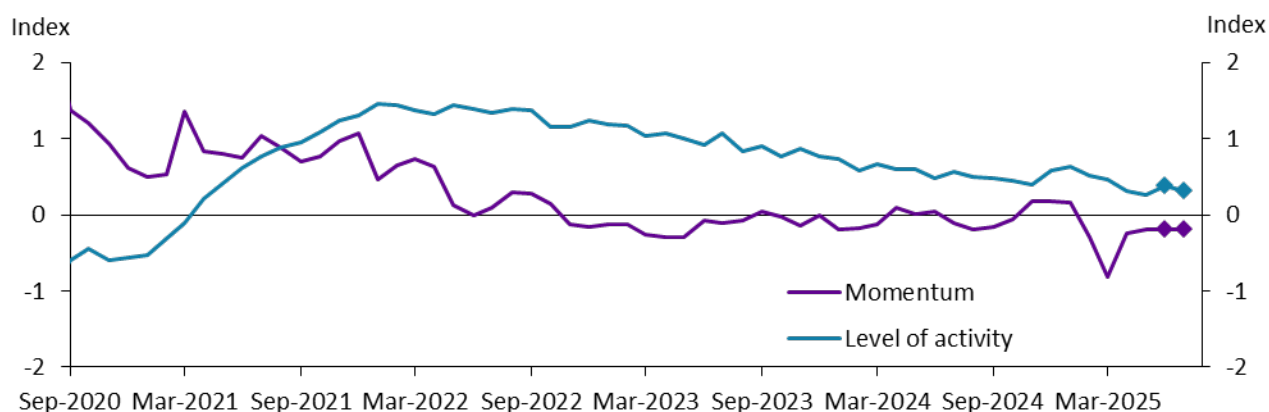
## **The KC Fed LMCI suggest the level of activity declined modestly and momentum was little changed in July.**

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined modestly and momentum was little changed in July. The level of activity decreased by 0.08, from 0.39 to 0.31, but remains above its historical average. Meanwhile, the momentum indicator was little changed at  $-0.20$ .

### **LMCI January 1992–July 2025**



### **LMCI September 2020–July 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 0.08 decrease in the activity indicator this month. Overall, eight variables made a positive contribution to the change in the activity indicator, two 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 July, on net, 14 percent of firms planned to increase employment, up from 13 percent in June. The largest negative contributor to the change in the level of activity was job leavers as a percent of the unemployed. In July, 10.7 percent of unemployed workers had voluntarily left their previous jobs, down from 11.8 percent in June. Both job leavers and losers make up a smaller share of unemployment compared with their year-ago levels. However, new entrants to the labor force (those looking for their first job) are making up an increasing share of unemployed workers, suggesting a slack labor market for this group.

### Largest Contributions to the LMCI

Largest positive contributions to the change in the <i>level of activity</i> indicator in July 2025	Largest positive contributions to the change in the <i>momentum</i> indicator in July 2025
Percent of firms planning to increase employment (NFIB)	Aggregate weekly hours
Job losers	Unemployed 27 or more weeks
Largest negative contributions to the change in the <i>level of activity</i> indicator in July 2025	Largest negative contributions to the change in the <i>momentum</i> indicator in July 2025
Job leavers	Manufacturing employment index (ISM)
Percent of firms with positions not able to fill right now (NFIB)	Announced job cuts (Challenger-Gray-Christmas)

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 0.01 decrease in the momentum indicator this month. Overall, 14 variables made a positive contribution to the change in the momentum indicator, two variables made no contribution, and eight variables made a negative contribution. The largest positive contributor to the change in momentum was the three-month percent change in aggregate weekly hours. Aggregate weekly hours of private production and non-supervisory employees increased by 0.08 percent from April to July 2025, up from a 0.40 percent decrease from March to June 2025. The largest negative contributor to the change in momentum was the ISM manufacturing employment index. The index came in at 43.4 in July and has been below 50 (indicating contraction in employment in this sector) since February.