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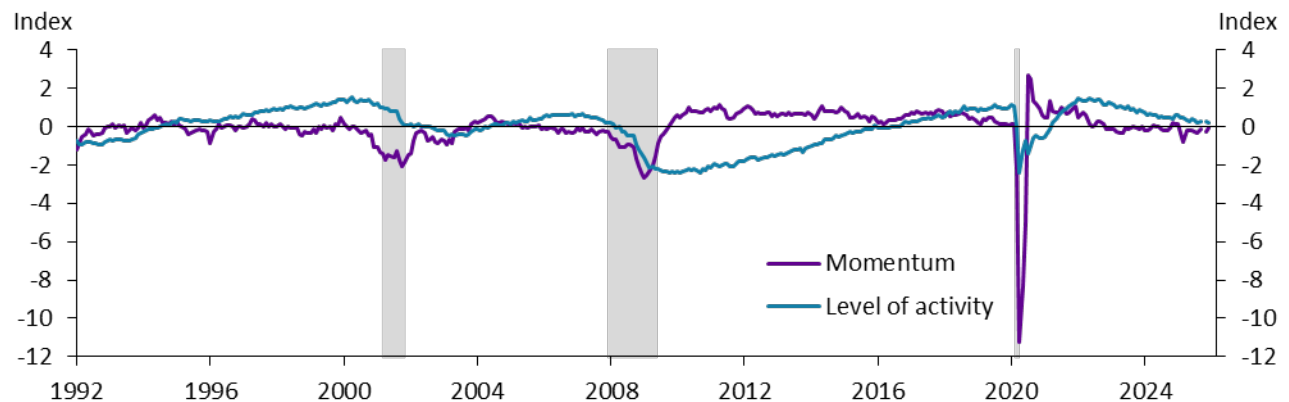
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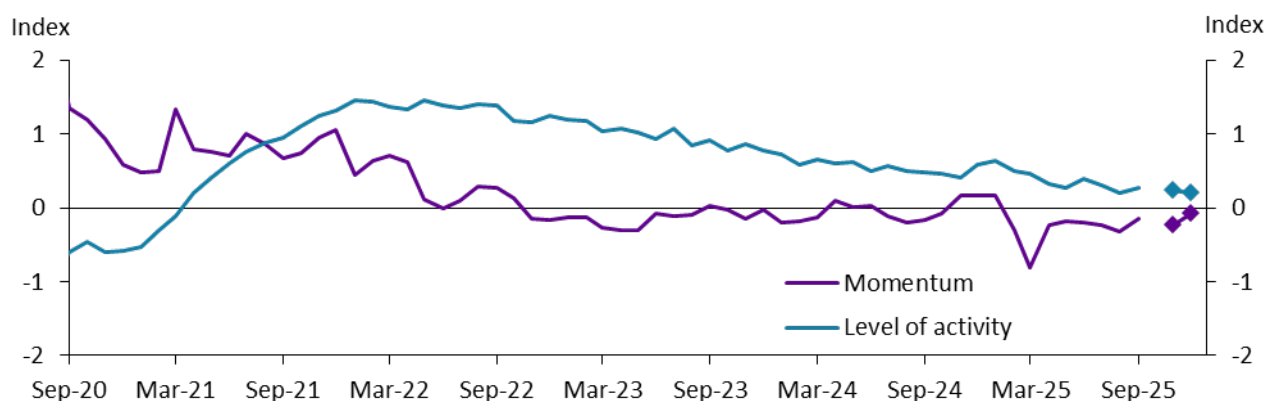
## **The KC Fed LMCI suggest the level of activity declined slightly and momentum accelerated moderately in December.**

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined slightly and momentum accelerated moderately in December. The level of activity decreased by 0.05, from 0.25 in November to 0.20 in December, but remained above its historical average. Meanwhile, the momentum indicator increased by 0.17, from -0.24 in November to -0.07 in December.

### **LMCI January 1992–December 2025**



### **LMCI September 2020–December 2025**



Note: LMCI figures for October 2025 were not calculated due to a lack of input data during the 2025 government shutdown.

The first column of the table below shows the labor market variables that made the largest contributions to the 0.05 decrease in the activity indicator this month. Overall, seven variables made a positive contribution to the change in the activity indicator, five variables made no contribution, and 12 variables made a negative contribution. The largest positive contributor to the change in the level of activity was the broad unemployment rate (U6), which includes the unemployed, those working part-time for economic reasons, and those marginally attached to the labor force. In December, this measure decreased from 8.7 to 8.4 percent. The largest negative 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 December, 17 percent of firms planned to increase employment on net, down from 19 percent in November.

### Largest Contributions to the LMCI

| Largest positive contributions to the change in the <i>level of activity</i> indicator in December 2025 | Largest positive contributions to the change in the <i>momentum</i> indicator in December 2025 |
|---|--|
| Broad unemployment rate (U6)  | Announced job cuts (Challenger-Gray-Christmas)   |
| Working part time for economic reasons  | Expected job availability (U of Michigan)  |
| Largest negative contributions to the change in the <i>level of activity</i> indicator in December 2025 | Largest negative contributions to the change in the <i>momentum</i> indicator in December 2025 |
| Percent of firms planning to increase employment (NFIB)   | Aggregate weekly hours   |
| Unemployed 27 or more weeks   | Percent of firms planning to increase employment (NFIB)  |

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 0.17 increase in the momentum indicator this month. Overall, 10 variables made a positive contribution to the change in the momentum indicator, five variables made no contribution, and nine variables made a negative contribution. The largest positive contributor to the change in momentum was announced job cuts (Challenger-Gray-Christmas). In December, firms announced 35,553 job cuts, down from 71,321 in November. The largest negative contributor to the change in momentum was the three-month percent change in aggregate weekly hours for production and nonsupervisory employees. From September to December, aggregate weekly hours increased by 0.08 percent, down from a 0.40 percent increase from August to November.