Labor Market Conditions Indicators

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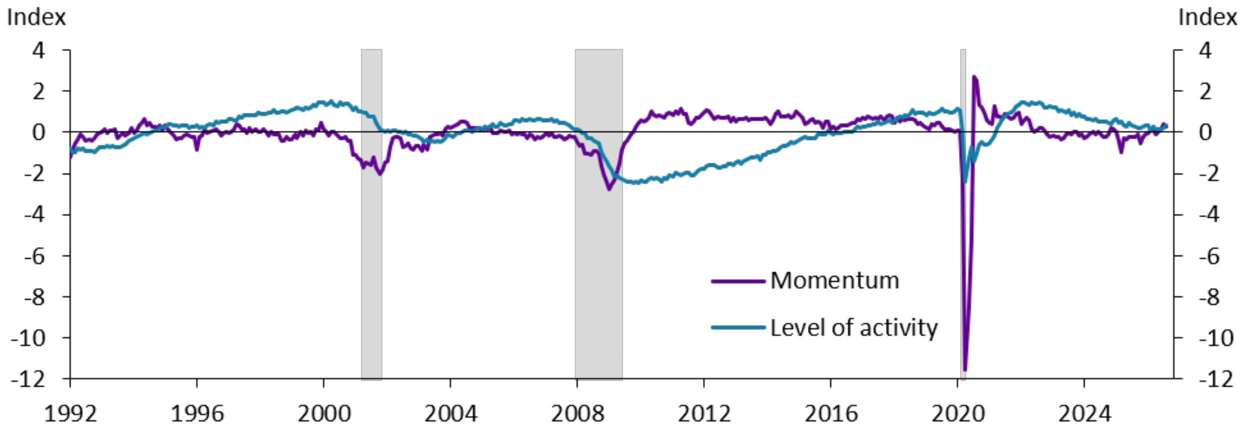
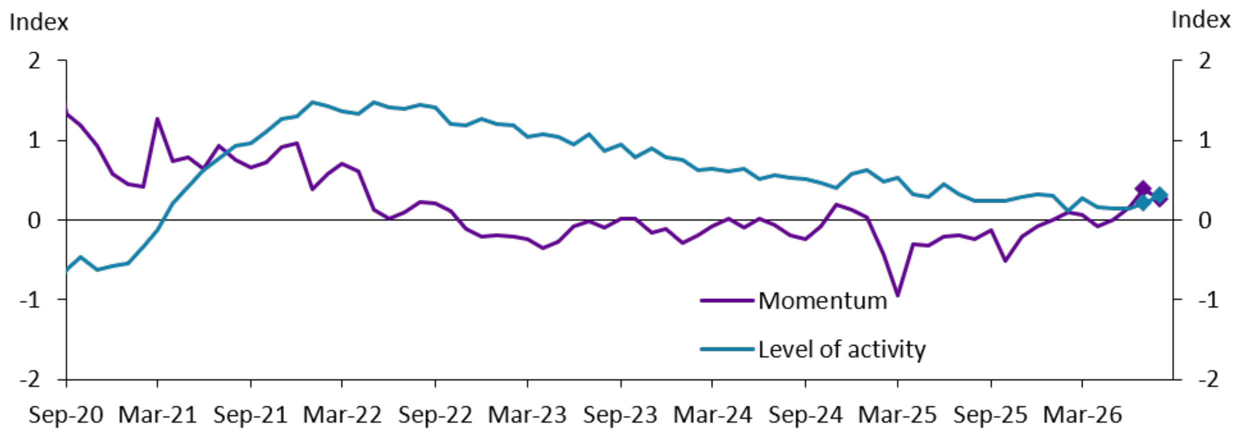
The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity increased and momentum decelerated moderately in August. The level of activity indicator increased by 0.11, from 0.20 to 0.31, and remains above its historical average. The momentum indicator decreased by 0.14, from 0.39 to 0.25.

LMCI January 1992–August 2026



LMCI September 2020–August 2026



Note: Current Population Survey (CPS) data used as inputs for the October 2025 LMCI were imputed as the average of the September and November values.

The first column of the table below shows the labor market variables that made the largest contributions to the 0.11 increase in the activity indicator this month. Overall, 13 variables made a positive contribution to the change in the activity indicator, three variables made no contribution, and eight variables made a negative contribution. The largest positive contributor to the change in the level of activity was job leavers as a percentage of the unemployed. In August, 13.1 percent of unemployed workers had voluntarily left their previous jobs, up from 11.3 percent in July. The largest negative contributor to the change in the level of activity was the percentage of firms planning to increase employment (NFIB). In August, a net 17 percent of firms planned to increase employment in the next three months, down from 20 percent in July.

Largest Contributions to the LMCI

Largest positive contributions to the change in the *level of activity* indicator in August 2026	**Largest positive contributions to the change in the *momentum* indicator in August 2026**
Job leavers	Unemployed 27 or more weeks
Job flows from U to E	Temporary help employment
Largest negative contributions to the change in the *level of activity* indicator in August 2026	**Largest negative contributions to the change in the *momentum* indicator in August 2026**
Percent of firms planning to increase employment (NFIB)	Announced job cuts (Challenger-Gray-Christmas)
Unemployed 27 or more weeks	Manufacturing employment index (ISM)

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 0.14 decrease in the momentum indicator this month. Overall, seven variables made a positive contribution to the change in the momentum indicator, three variables made no contribution, and 14 variables made a negative contribution. The largest positive contributor to the change in momentum was the share of unemployed individuals out of work 27 or more weeks. In August, 27 percent of unemployed workers had been out of work 27 or more weeks, up from 25.5 percent in July but still well below the levels seen in the last two recessions. This increase is somewhat counterintuitively associated with positive momentum because longer-term unemployment tends to peak shortly before a period of improvement in the labor market. The largest negative contributor to the change in momentum was announced job cuts (Challenger-Gray-Christmas). In August, firms announced 52,881 job cuts, up from 33,429 cuts in July.