

News Release

THE FEDERAL RESERVE BANK of KANSAS CITY
DENVER • OKLAHOMA CITY • OMAHA

One Memorial Drive • Kansas City, MO 64198 • Phone: 816.881.2683

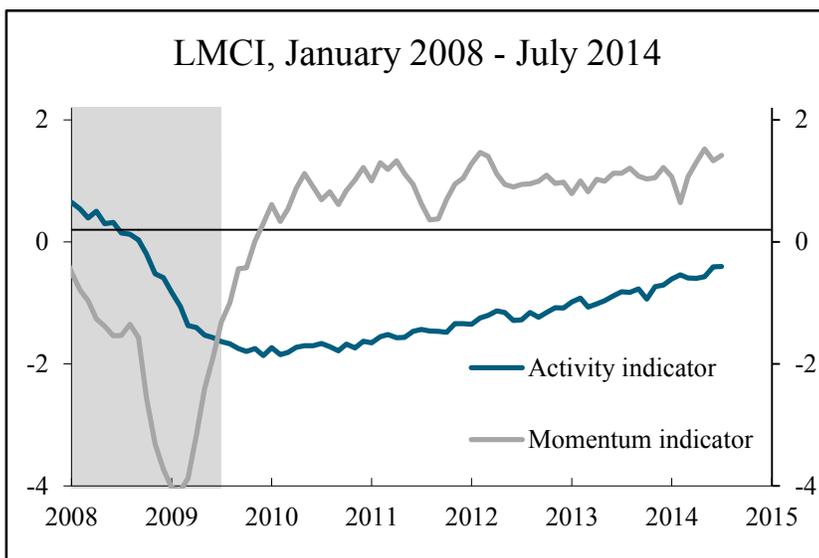
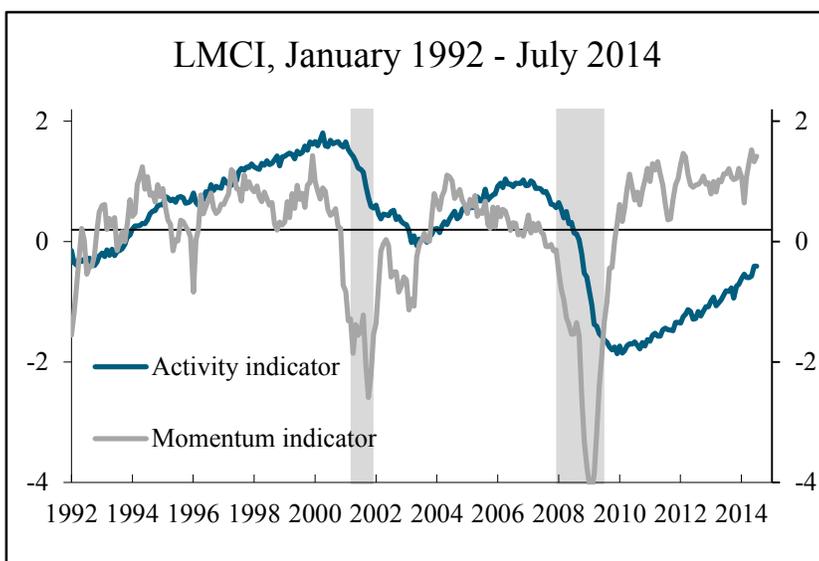
FOR IMMEDIATE RELEASE
August 28, 2014

Contact: Bill Medley
816-881-2556
bill.medley@kc.frb.org

Kansas City Fed's LMCI suggest labor market conditions continue to improve

The Kansas City Fed Labor Market Conditions Indicators (LMCI) showed continued improvement. The activity indicator increased in July to -0.6 and shows substantial improvement from its low point of -2.1 in December 2009. The momentum indicator has been near historically high levels the past four months.

The table on the following page shows the five labor market variables that made the largest contributions to the improvement in the activity indicator over the last six months and the five variables that made the largest contribution to the level of the momentum indicator in July 2014. Over the last six months, the activity indicator increased 0.20, and the JOLTS quit rate was the largest contributor to the overall improvement. Seventeen variables made a positive contribution, one variable made no contribution, and six variables made a negative contribution. The momentum indicator was 1.2 in July, and the ISM manufacturing employment index was the largest contributor to the July level of momentum. Twenty variables made a positive contribution, one variable made no contribution, and three variables made a negative contribution.



Largest Contributions to the Kansas City Fed's LMCI	
Contributions to the <i>change in the level of activity</i> indicator over the last six months	Contributions to the <i>momentum</i> indicator in July 2014
JOLTS, quit rate	ISM manufacturing employment index
Job leavers	Claims (as a share of labor force)
Expected unemployment rate in four quarters (Blue Chip Economic Indicators)	LFPR
Job losers	Expected job availability (Thomson-Reuters/University of Michigan)
Unemployed for more than 27 weeks	Expected job availability, Conference Board
<i>Note: Contributions are ordered from highest contribution to lowest</i>	

The Kansas City Fed Labor Market Conditions Indicators (LMCI) are two monthly measures of labor market conditions based on 24 labor market variables. One indicator measures the level of activity in labor markets and the other indicator measures momentum in labor markets.

A positive value indicates that labor market conditions are above their long-run average, while a negative value signifies that labor market conditions are below their long-run average.

Related Research:

Hakkio, Craig S. and Jonathan L. Willis, 2014, "The Kansas City Fed Labor Market Conditions Indicators (KCF-LMCI)," Federal Reserve Bank of Kansas City, *Macro Bulletin*, August 28.

Hakkio, Craig S. and Jonathan L. Willis, 2013, "Assessing Labor Market Conditions: The Level of Activity and the Speed of Improvement," Federal Reserve Bank of Kansas City, [*Macro Bulletin*, July 18.](#)

