

News Release

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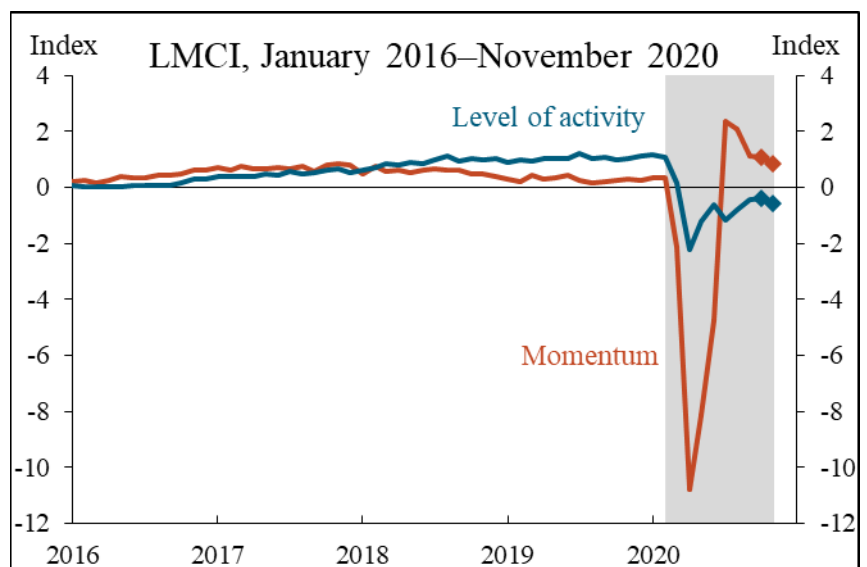
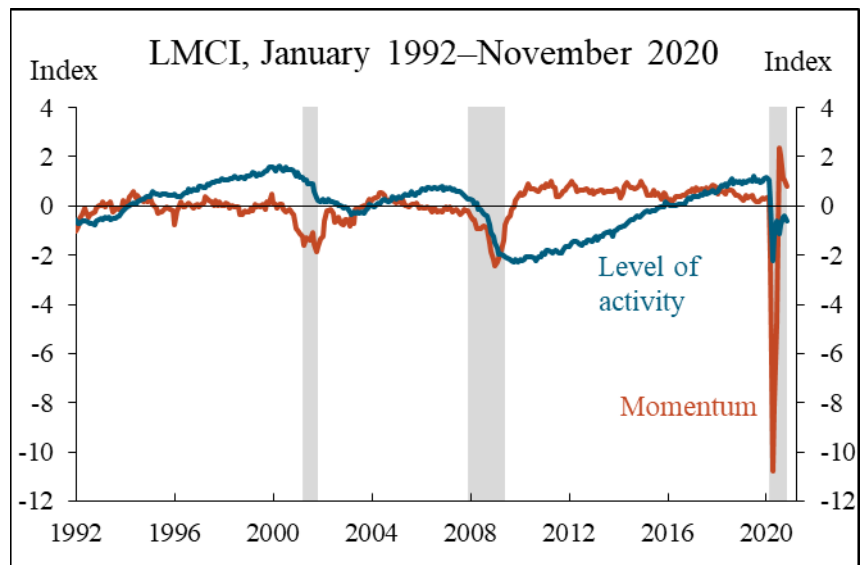
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The KC Fed LMCI suggests the level of activity declined in November while momentum decelerated.

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined in November while momentum decelerated. The level of activity indicator decreased by 0.19 (rounded) in November from -0.41 to -0.59 . Meanwhile, the momentum indicator decreased by 0.24 from 1.06 to 0.82, suggesting labor market momentum has weakened slightly.

These readings likely do not fully describe the state of the labor market at the end of November, as many of the input data series reflect conditions early in the month and, in particular, before the recent spike in COVID-19 cases and related containment measures were put in place. For example, data from the Bureau of Labor Statistics' Household Survey are from the reference period of November 8 through November 14. Additionally, the most recent data from the Job Openings and Labor Turnover Survey (JOLTS) are for October. Therefore, labor market developments in the latter half of November, including the labor market response to recent COVID-19 developments, will likely show up in the December 2020 LMCI readings.



The table to the right shows the five labor market variables that made the largest contributions to the increase in the activity indicator over the last six months. The activity indicator increased by 0.61 over the last six months. Overall, 15 variables made a positive contribution to the change in the activity indicator over the last six months, and nine variables made a negative contribution. The largest positive contributor to the level of activity over the last six months was the unemployment rate (U3). This series dropped from 13.3 percent in May to 6.7 percent in November. The largest negative contributor to the level of activity indicator was the JOLTS hires rate. This series has declined from a historical high of 6.2 percent in May to a more typical rate of 4.5 percent in October.

Largest Contributions to the LMCI	
Contributions to the increase in the <i>level of activity</i> indicator over the last six months	Positive contributions to the <i>momentum</i> indicator in November 2020
Unemployment rate (U3)	Temporary help employment
Broad unemployment rate (U6)	Aggregate weekly hours
Working part time for economic reasons	Private nonfarm payroll employment
Job losers	Unemployed 27 or more weeks
Percent of firms planning to increase employment (NFIB)	Average hourly earnings

Note: Contributions are ordered from largest in absolute value to smallest.

The table also shows the five variables that made the largest positive contributions to the momentum indicator in November 2020. Overall, 15 variables made a positive contribution to momentum in November, and nine variables made a negative contribution. The momentum indicator was 0.82 in November, where the largest positive contributor was the three-month percent change in temporary help employment. Temporary help employment increased by 7.3 percent from August to November. However, this increase is smaller than the 10.5 percent increase in the series from July to October and thereby contributed to the momentum indicator's decline. The variable that made the largest negative contribution to momentum was job losers as a percent of the unemployed. Job losers made up 70 percent of the unemployed in November. While this reading is below the April reading of 89.4 percent, it is still well above pre-pandemic levels, placing a drag on momentum.

