



NEWS RELEASE

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July 11, 2023

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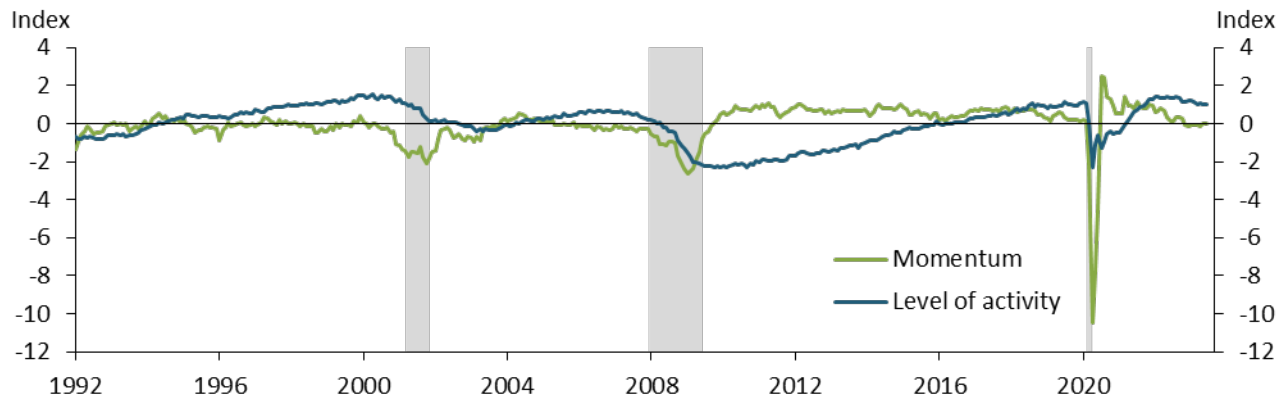
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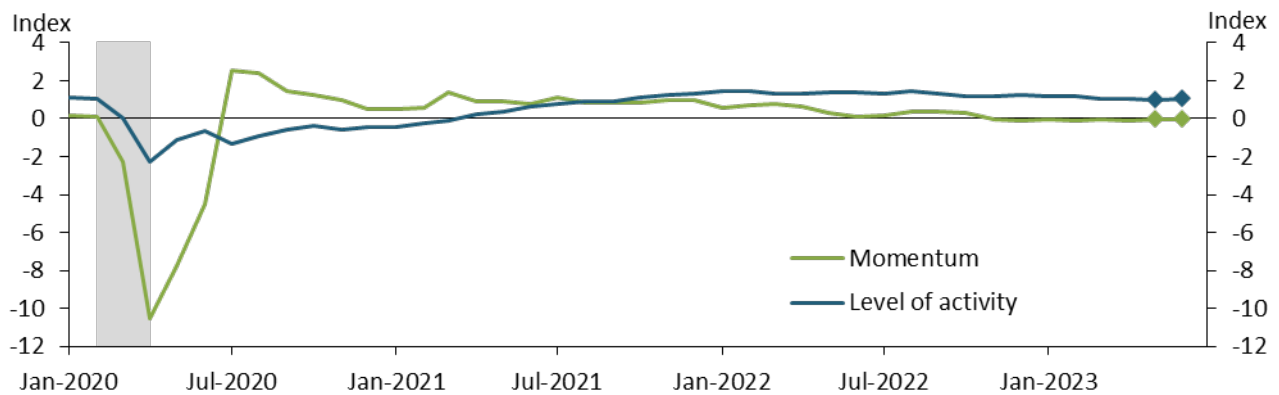
The KC Fed LMCI suggests the level of activity and momentum were little changed in June.

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity and momentum were little changed in June. The level of activity was little changed at 1.01 in June. Although the momentum indicator remained in negative territory for the eighth consecutive month, it remained close to its historical average at -0.03 .

LMCI January 1992–June 2023



LMCI January 2020–June 2023



These readings likely do not fully describe the state of the labor market at the end of June, as many of the input data series reflect conditions early in the month. For example, data from the Bureau of Labor Statistics' Household Survey are from the reference period of June 11 through June 17. Additionally, the most recent data from the Job Openings and Labor Turnover Survey (JOLTS) are for May. Therefore, labor market developments in the latter half of June will likely show up in the July 2023 LMCI readings.

The level of activity indicator has decreased by 0.21 since December. The first column of the table below shows the five labor market variables that made the largest contributions to the decrease in the activity indicator. Overall, 15 variables made a negative contribution to the change in the activity indicator over the last six months, three variables made no contribution, and six variables made a positive contribution. The largest contributor to the decrease in the level of activity was job flows from unemployment to employment as a percent of total unemployed. In June, 27 percent of workers who were unemployed in the previous month became employed compared with 31 percent in December 2022. The downward trend in job flows from unemployment to employment suggests unemployed workers are taking longer to find new jobs, thus contributing to the decline in activity.

Largest Contributions to the LMCI

Contributions to the decrease in the <i>level of activity</i> indicator over the last six months	Negative contributions to the <i>momentum</i> indicator in June 2023
Job flows from U to E	Expected job availability (U of Michigan)
Job leavers	Average hourly earnings
Job losers	Temporary help employment
Percent of firms planning to increase employment (NFIB)	Unemployed 27 or more weeks
Average hourly earnings	Manufacturing employment index (ISM)

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

The second column of the table shows the five variables that made the largest negative contributions to the momentum indicator in June 2023. The momentum indicator was -0.03 in June. Overall, 11 variables made a negative contribution to momentum in June, and 13 variables made a positive contribution. The largest negative contributor to momentum was the University of Michigan's expected job availability index. Readings above zero indicate that more respondents expect unemployment to decrease in the next year than expect it to increase. The index came in at -27 in June and has remained below zero for 14 consecutive months. In the June survey, 39 percent of respondents expected unemployment to increase in the next year, while 12 percent of respondents believed it would decrease. These readings suggest consumers continue to expect a looser labor market next year.

