



NEWS RELEASE

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Contact: Bill Medley

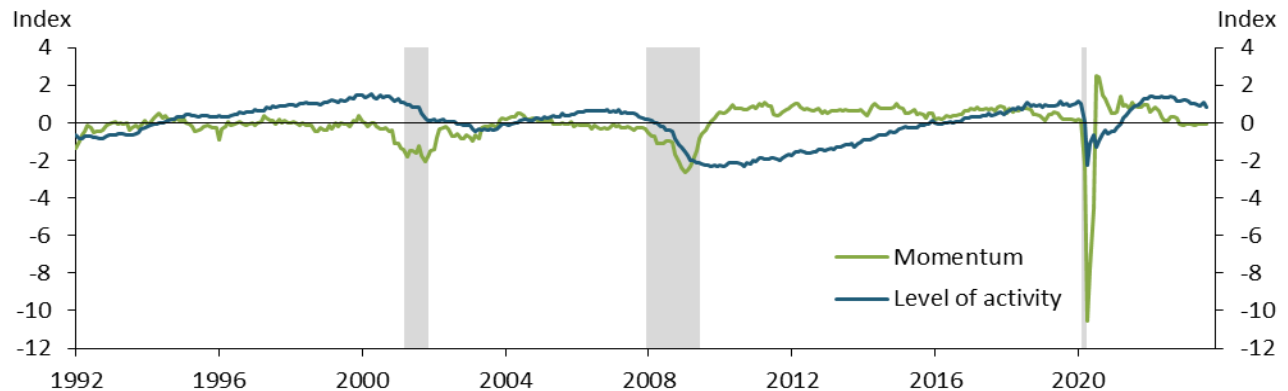
816-881-2556

Bill.Medley@kc.frb.org

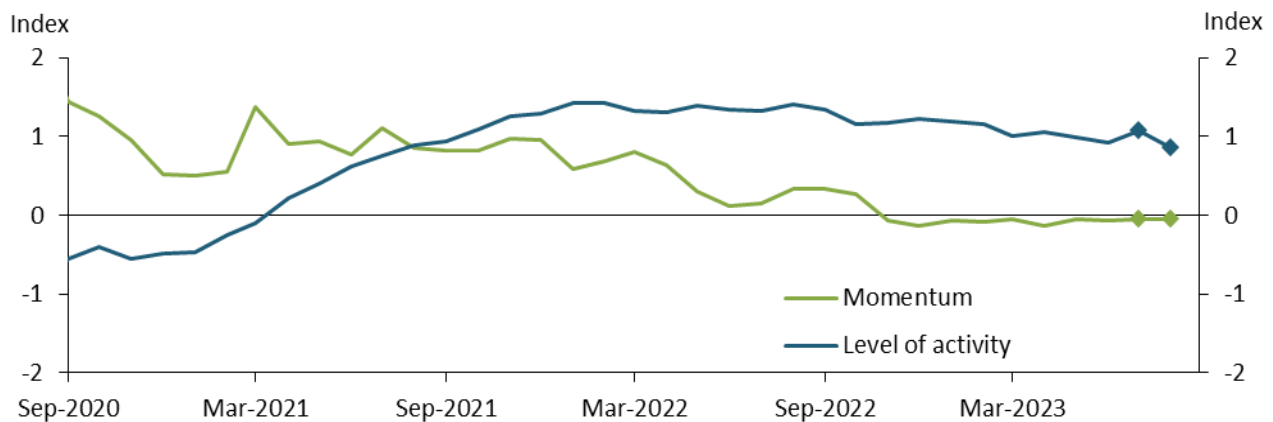
The KC Fed LMCI suggests the level of activity decreased, and momentum was little changed in August.

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity decreased but remains historically elevated, and momentum was little changed in August. The level of activity decreased by 0.23, from 1.08 to 0.85, in August. Although the momentum indicator remained in negative territory for the tenth consecutive month, it remained close to its historical average at -0.05 .

LMCI January 1992–August 2023



LMCI September 2020–August 2023



Note: Bottom chart begins in September 2020 to remove pandemic-related volatility and more clearly illustrate recent developments in the series.

These readings likely do not fully describe the state of the labor market at the end of August, 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 August 13 through August 19. Additionally, the most recent data from the Job Openings and Labor Turnover Survey (JOLTS) are for July. Therefore, labor market developments in the latter half of July will likely show up in the September 2023 LMCI readings.

As previously noted, the level of activity indicator decreased by 0.23 from July to August. 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 this month. Overall, 16 variables made a negative contribution to the change in the activity indicator, two variables made no contribution, and six variables made a positive contribution. The largest contributor to the decrease in the level of activity were flows from unemployment to employment (the job finding rate). In August, 24 percent of workers who were previously unemployed found a job, down from 31 percent a month ago. This series is quite volatile, and its movement had a large influence on activity this month. Ignoring its contribution would have left activity at 0.98, erasing a large portion of activity's decline.

Largest Contributions to the LMCI

Contributions to the decrease in the <i>level of activity</i> indicator in August 2023	Negative contributions to the <i>momentum</i> indicator in August 2023
Job flows from U to E	Temporary employment help
Job leavers	Average hourly earnings
Job availability index (Conference Board)	Manufacturing employment index (ISM)
Job losers	Unemployed 27 or more weeks
Average hourly earnings	Expected job availability (U of Michigan)

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 August 2023. The momentum indicator was -0.05 in August. Overall, 12 variables made a negative contribution to momentum in July, and 12 variables made a positive contribution. The largest negative contributor to momentum was the three-month percent change in temporary employment help. From May to September 2023, temporary help employment fell 2.6 percent, the biggest decrease since January 2023.

