NEWS RELEASE

FEDERAL RESERVE BANK *of* KANSAS CITY

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The KC Fed LMCI suggests the level of activity increased modestly, and momentum accelerated moderately in September.

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest both the level of activity and momentum increased in September. The level of activity increased by 0.09, from 0.83 to 0.92, , and remained at historically elevated levels. The momentum indicator increased from −0.002 to 0.17 , marking its first positive reading in 10 months.

LMCI January 1992–September 2023
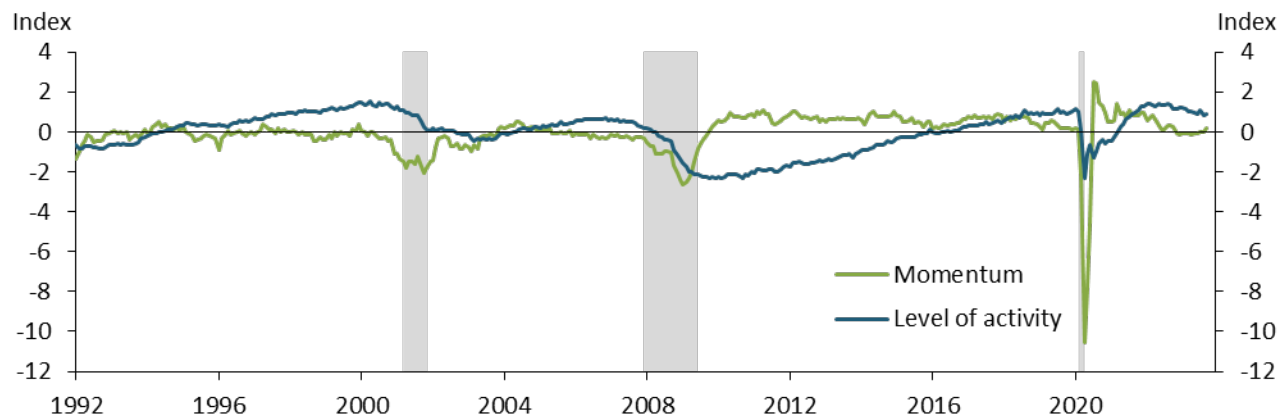
LMCI September 2020–September 2023
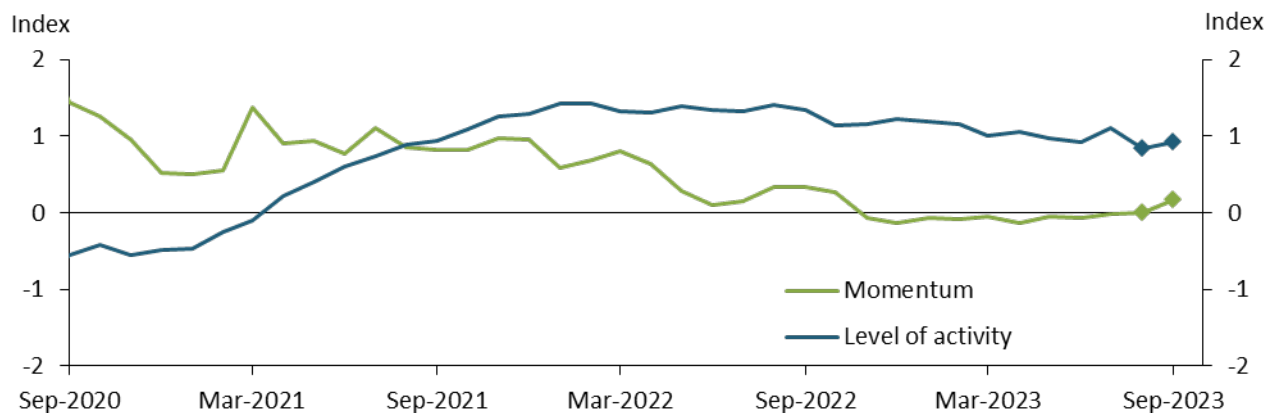
Note: Bottom chart begins in September 2020 to remove pandemic-related volatility and more clearly illustrate recent developments in the series.

These readings likely do not fully describe the state of the labor market at the end of September, 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 September 10 through September 16. Additionally, the most recent data from the Job Openings and Labor Turnover Survey (JOLTS) are for August. Therefore, labor market developments in the latter half of September will likely show up in the October 2023 LMCI readings.

As previously noted, the level of activity indicator increased by 0.09 from August to September. The first column of the table below shows the five labor market variables that made the largest contributions to the increase in the activity indicator this month. Overall, 13 variables made a positive contribution to the change in the activity indicator, four variables made no contribution, and seven variables made a negative contribution. The largest contributor to the increase in the level of activity was flows from unemployment to employment (the job finding rate). In September, 28 percent of workers who were previously unemployed found a job, up from 26 percent a month ago.

Largest Contributions to the LMCI

Contributions to the increase in the *level of activity* indicator in September 2023	Positive contributions to the *momentum* indicator in September 2023
Job flows from U to E	Initial claims
Hires rate	Announced job cuts (Challenger-Gray-Christmas)
Percent of firms with positions not able to fill right now (NFIB)	Labor force participation rate
Percent of firms planning to increase employment (NFIB)	Percent of firms with positions not able to fill right now (NFIB)
Job losers	Job losers

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 positve contributions to the momentum indicator in September 2023. The momentum indicator was 0.17 in September, after being at or slightly below zero for 10 consecutive months. Overall, 14 variables made a positive contribution to momentum in September, and 10 variables made a negative contribution. The largest positive contributor to momentum was initial unemployment claims. In September, initial claims averaged roughly 209,000 per week, a step-down from the pace of 234,000 seen in August.