



NEWS RELEASE

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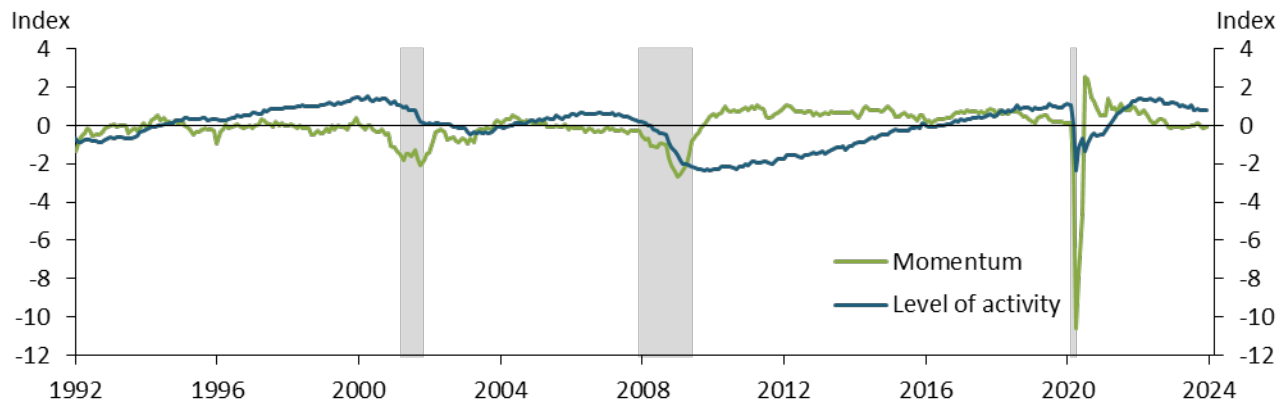
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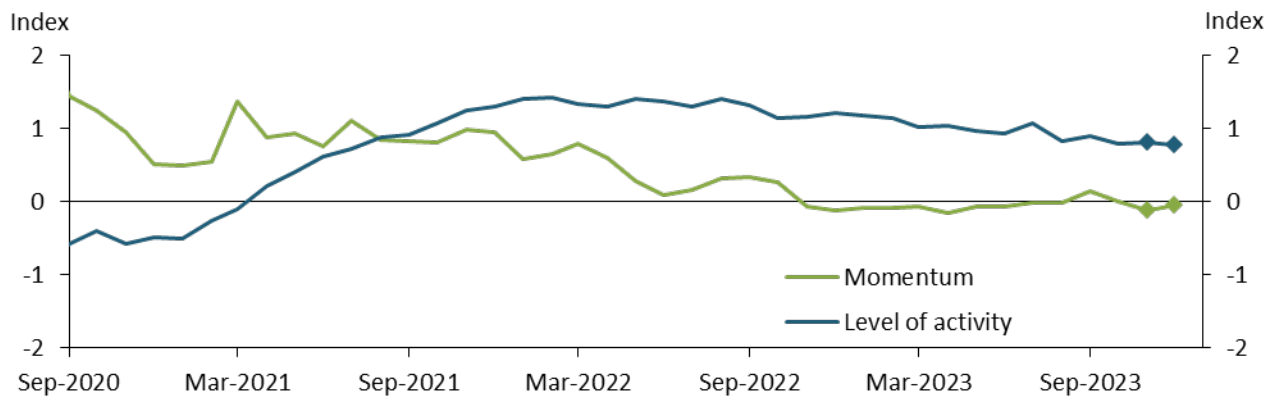
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The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined slightly, and momentum was little changed in December. The level of activity decreased by 0.04, from 0.82 to 0.78. The momentum indicator was little changed at -0.05 . Momentum has been very close to its historical average for the last year.

LMCI January 1992–December 2023



LMCI September 2020–December 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 December, 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 December 10 through December 16. Additionally, the most recent data from the Job Openings and Labor Turnover Survey (JOLTS) are for November. Therefore, labor market developments in the latter half of December will likely show up in the January 2024 LMCI readings.

As previously noted, the level of activity indicator decreased by 0.04 from November to 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 this month. Overall, nine variables made a negative contribution to the change in the activity indicator, six variables made no contribution, and nine variables made a positive contribution. The largest contributor to the decrease in the level of activity was flows from unemployment to employment (the job finding rate). In December, 28 percent of workers who were previously unemployed found a job, down from 29 percent a month ago.

Largest Contributions to the LMCI

Contributions to the decrease in the <i>level of activity</i> indicator in December 2023	Negative contributions to the <i>momentum</i> indicator in December 2023
Job flows from U to E	Temporary help employment
Percent of firms planning to increase employment (NFIB)	Average hourly earnings
Working part time for economic reasons	Expected job availability (U of Michigan)
Employment-population ratio	Manufacturing employment index (ISM)
Manufacturing employment index (ISM)	Unemployed 27 or more weeks

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 December 2023. The momentum indicator was -0.05 in December. Overall, 11 variables made a negative contribution to momentum in December, and 13 variables made a positive contribution. The largest negative contributor to momentum was the three-month percent change in temporary help employment. Temporary help employment, which is often viewed as a leading indicator of employment in the service sector, declined by 3.3 percent from September to December.

