



# NEWS RELEASE

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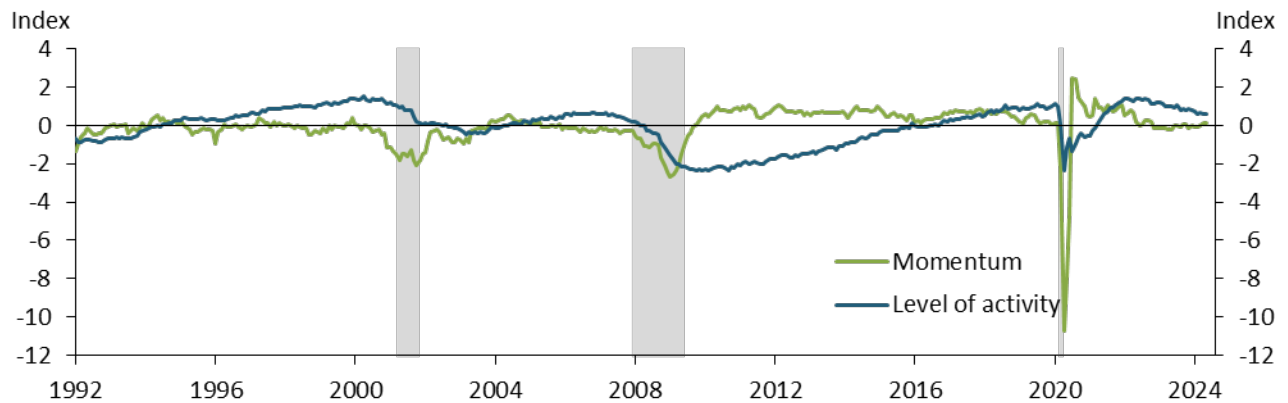
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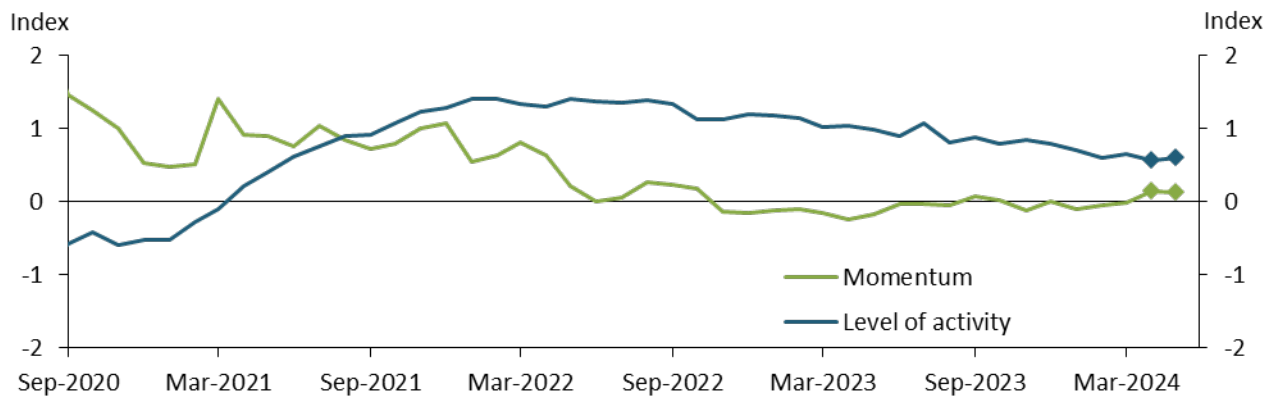
## The KC Fed LMCI suggests the level of activity and momentum were little changed in May.

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity and momentum were little changed in May. The level of activity edged up from 0.57 to 0.60, remaining above its historical average. Meanwhile, the momentum indicator edged down from 0.15 to 0.12, remaining near its historical average.

LMCI January 1992–May 2024



LMCI September 2020–May 2024



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 May, 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 May 12 through May 18. Additionally, the most recent data from the Job Openings and Labor Turnover Survey (JOLTS) are for April. Therefore, labor market developments in the latter half of May will likely show up in the June 2024 LMCI readings.

As previously noted, the level of activity indicator was little changed in May, increasing only 0.03 from April to May. 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, 11 variables made a positive contribution to the change in the activity indicator, four variables made no contribution, and nine variables made a negative contribution. The largest contributor to the increase in the level of activity was the percent of firms planning to increase employment. In May, 15 percent of firms surveyed by the NFIB were planning to increase employment, up from 12 percent in April.

### Largest Contributions to the LMCI

Contributions to the increase in the <i>level of activity</i> indicator in May 2024	Contributions to the decrease in the <i>momentum</i> indicator in May 2024
Percent of firms planning to increase employment (NFIB)	Average hourly earnings
Average hourly earnings	Expected job availability (U of Michigan)
Percent of firms with positions not able to fill right now (NFIB)	Aggregate weekly hours
Job losers	Initial claims
Expected job availability (Conference Board)	Unemployment rate (U3)

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

The momentum indicator was little changed in May, decreasing only 0.03 from April to May. The second column of the table shows the five variables that made the largest contributions to the decrease in the momentum indicator this month. Overall, seven variables made a negative contribution to the change in the momentum indicator, four variables made no contribution, and 13 variables made a positive contribution. The largest contributor to the decrease in the momentum indicator was the three-month percent change in average hourly earnings, which increased by 0.27 percentage points from April to May. Historically, higher wage growth is negatively correlated with the LMCI’s momentum indicator because higher wage growth is often associated with slower employment growth in subsequent months, thus signalling less momentum in the labor market.

