



# NEWS RELEASE

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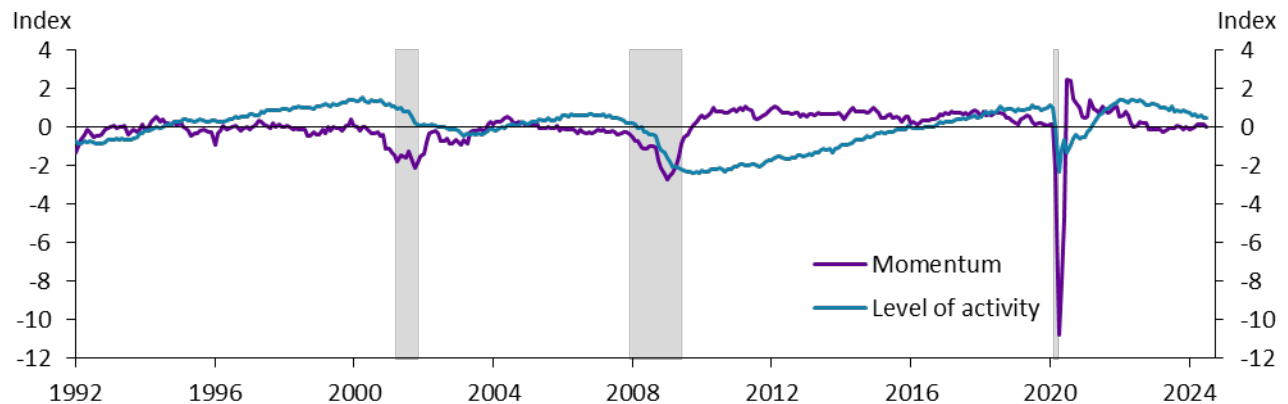
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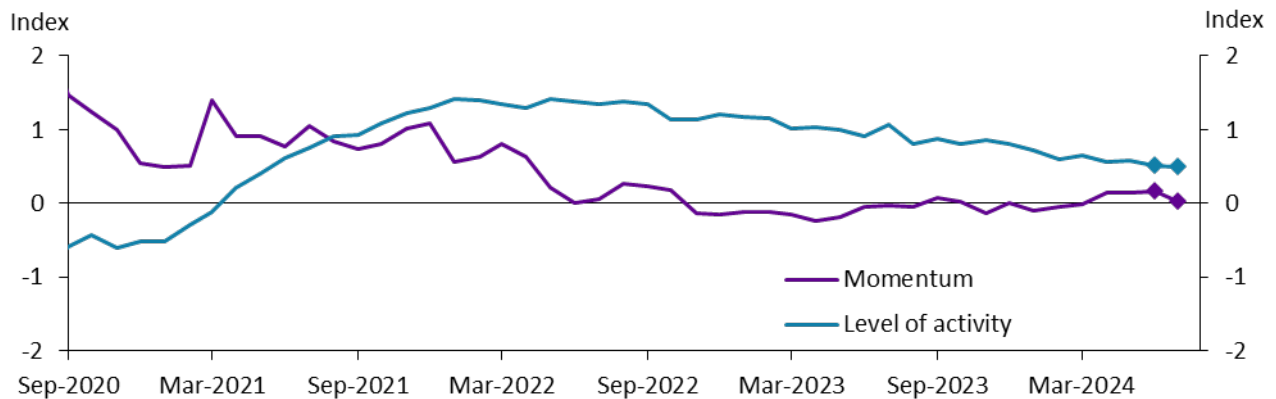
## The KC Fed LMCI suggests the level of activity was little changed, and momentum decelerated moderately in July.

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity was little changed, and momentum decelerated moderately in July. The level of activity was little changed in July at 0.50, still above its historical average though half as high as a year ago and lower than its pre-pandemic level. Meanwhile, the momentum indicator decreased by 0.14, from 0.16 to 0.02, remaining near its historical average.

LMCI January 1992–July 2024



LMCI September 2020–July 2024



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

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, four variables made no contribution, and 11 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 July, 25.7 percent of workers who were previously unemployed found a job, down from 26.9 percent a month ago. This rate has been gradually declining since the second half of 2022, suggesting that as the labor market comes into better balance, job-finding opportunities are narrowing.

### Largest Contributions to the LMCI

Contributions to the decrease in the <i>level of activity</i> indicator in July 2024	Contributions to the decrease in the <i>momentum</i> indicator in July 2024
Job flows from U to E	Manufacturing employment index (ISM)
Job losers	Average hourly earnings
Working part time for economic reasons	Expected job availability (U of Michigan)
Broad unemployment rate (U6)	Job losers
Unemployment rate (U3)	Aggregate weekly hours

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 contributions to the decrease in the momentum indicator this month. Overall, 11 variables made a negative contribution to the change in the momentum indicator, four variables made no contribution, and nine variables made a positive contribution. The largest negative contributor to momentum was the ISM manufacturing employment index. Readings above 50 indicate economic expansion. The index came in at 43.4 in July, down from 49.3 in June. The July reading is the lowest reading since June 2020—or since May 2009, excluding the pandemic—suggesting increased weakness in manufacturing labor demand

