



NEWS RELEASE

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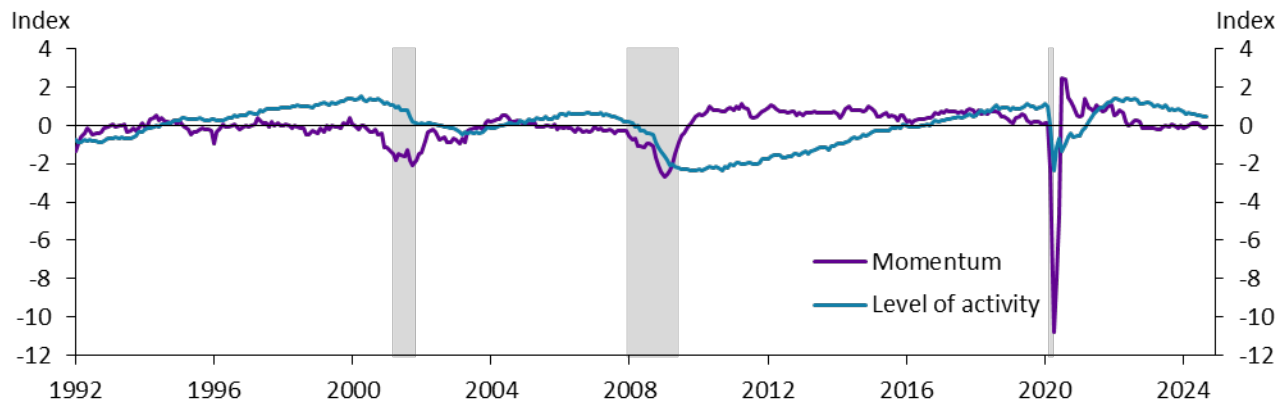
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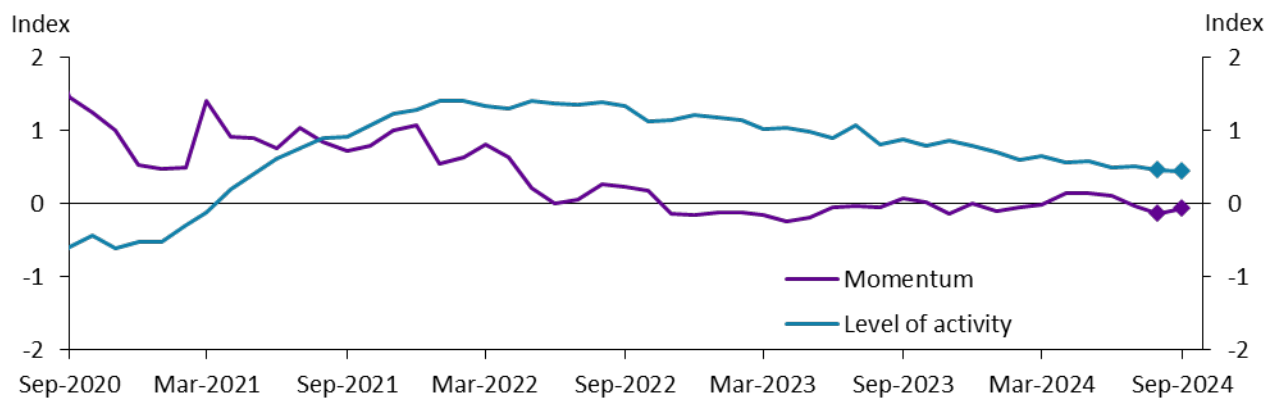
The KC Fed LMCI suggests the level of activity and momentum were little changed in September.

The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity and momentum were little changed in September. The level of activity was little changed in September at 0.44, still above its historical average though lower than its pre-pandemic level. Meanwhile, the momentum indicator was little changed at -0.06 , remaining near its historical average.

LMCI January 1992–September 2024



LMCI September 2020–September 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 labor market variables that made the largest contributions to the 0.02 decrease in the activity indicator this month. Overall, 12 variables made a positive contribution to the change in the activity indicator, three variables made no contribution, and nine variables made a negative contribution. The largest positive contributor to the change in the level of activity was flows from unemployment to employment (the job-finding rate). In September, 28.3 percent of workers who were previously unemployed found a job, up from 27.0 percent a month ago. Despite the recent uptick, this rate has been gradually declining since the second half of 2022, suggesting that job-finding opportunities are narrowing as the labor market comes into better balance. The largest negative contributor to the change in the level of activity was the percentage of firms with positions not able to fill right now (NFIB). In September, 34 percent of firms reported having positions they were not able to fill, down from 40 percent a month ago. This series has also been steadily declining from its peak in the second half of 2022, suggesting firms are finding it easier to fill positions as the labor market comes into better balance.

Largest Contributions to the LMCI

Largest positive contributions to the change in the level of activity indicator in September 2024	Largest positive contributions to the change in the momentum indicator in September 2024
Job flows from U to E	Average hourly earnings
Percent of firms planning to increase employment (NFIB)	Expected job availability (U of Michigan)
Largest negative contributions to the change in the level of activity indicator in September 2024	Largest negative contributions to the change in the momentum indicator in September 2024
Percent of firms with positions not able to fill right now (NFIB)	Manufacturing employment index (ISM)
Unemployed 27 or more weeks	Job flows from U to E

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

The second column of the table shows the variables that made the largest contributions to the 0.07 increase in the momentum indicator this month. Overall, 11 variables made a positive contribution to the change in the momentum indicator, three variables made no contribution, and 10 variables made a negative contribution. The largest positive contributor to the change in momentum was the three-month percent change in average hourly earnings, which decreased by 0.14 percentage points from August to September. Historically, higher wage growth is negatively correlated with the momentum indicator, as higher wage growth is often associated with slower employment growth in subsequent months, thus signaling less momentum in the labor market. Consistently, the deceleration in wage growth boosted momentum. The largest negative contributor to the change in momentum was the ISM manufacturing employment index. Readings above 50 indicate economic expansion. The index came in at 43.9 in September, down from 46.0 in August and near its lowest level since July 2020.

