



NEWS RELEASE

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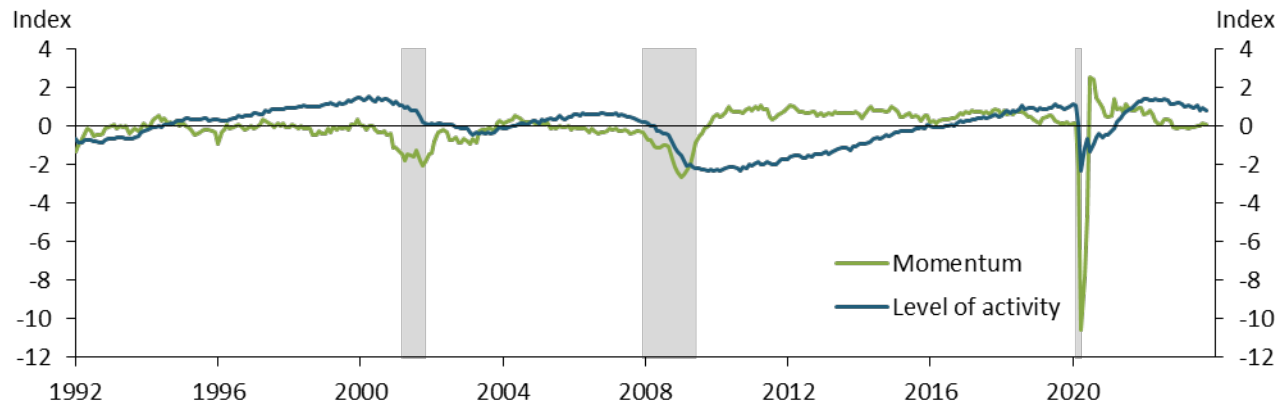
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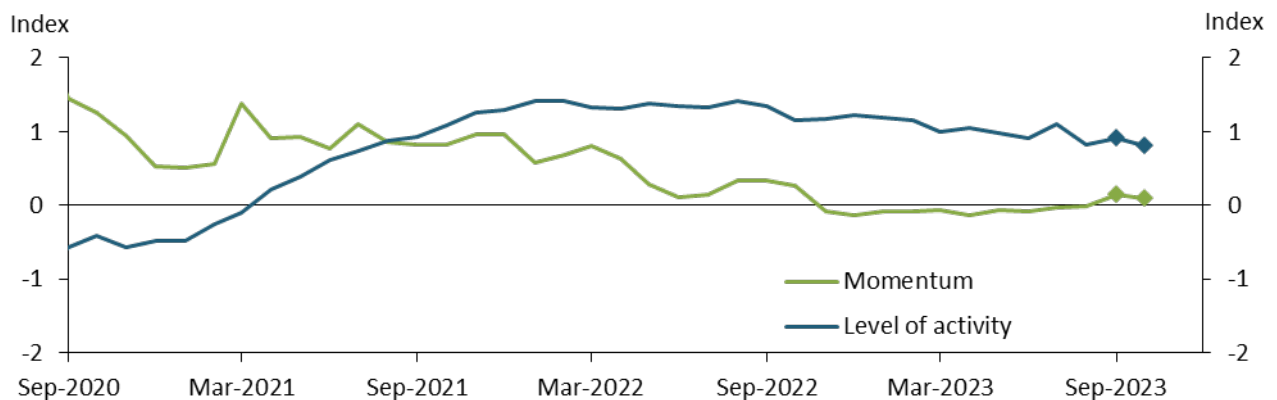
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The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined, and momentum was little changed in October. The level of activity decreased by 0.11, from 0.91 to 0.80, but remained at a historically elevated level. The momentum indicator was little changed at 0.09, the second straight positive reading following 10 months in negative territory. However, momentum remains very close to its historical average.

LMCI January 1992–October 2023



LMCI September 2020–October 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 October, 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 October 8 through October 14. Additionally, the most recent data from the Job Openings and Labor Turnover Survey (JOLTS) are for September. Therefore, labor market developments in the latter half of October will likely show up in the November 2023 LMCI readings.

As previously noted, the level of activity indicator decreased by 0.11 from September to October. 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, 16 variables made a negative contribution to the change in the activity indicator, four variables made no contribution, and four 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 October, 27 percent of workers who were previously unemployed found a job, down from 28 percent a month ago. This series has been gradually trending down in recent months and is approaching its pre-pandemic average of 25 percent.

Largest Contributions to the LMCI

Contributions to the decrease in the <i>level of activity</i> indicator in October 2023	Positive contributions to the <i>momentum</i> indicator in October 2023
Job flows from U to E	Announced job cuts (Challenger-Gray-Christmas)
Job losers	Initial claims
Percent of firms planning to increase employment (NFIB)	Labor force participation rate
Working part time for economic reasons	Percent of firms with positions not able to fill right now (NFIB)
Average hourly earnings	Percent of firms planning to increase employment (NFIB)

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 positive contributions to the momentum indicator in October 2023. The momentum indicator was 0.09 in October. Overall, 13 variables made a positive contribution to momentum in October, and 11 variables made a negative contribution. The largest positive contributor to momentum was announced job cuts (Challenger-Gray-Christmas). In October, firms announced 22 job cuts per 100,000 members of the labor force, well below the pre-pandemic average of 44 job cuts per 100,000 members of the labor force.

