



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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**Growth in Tenth District Services Activity Increased Moderately**  
*Federal Reserve Bank of Kansas City Releases November Services Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the November Services Survey today. According to Chad Wilkerson, vice president and economist at the Federal Reserve Bank of Kansas City, the survey revealed that growth in Tenth District services activity increased moderately, while expectations for future activity inched slightly higher.

“Overall, regional services firms reported moderate growth in November,” said Wilkerson. “The index for revenue and sales rose slightly, and approximately 83% of firms reported plans to increase or maintain current employment levels.”

A summary of the survey is attached. Historical data, results from past surveys and release dates for future surveys are available at [www.kansascityfed.org/surveys/services-survey/](http://www.kansascityfed.org/surveys/services-survey/). The Kansas City Fed’s monthly Survey of Tenth District Services provides information on several indicators of activity including sales, revenue, employment and capital spending, while identifying changes in prices of input materials and selling prices. Survey participants represent a variety of industries, including retail and wholesale trade, automobile dealers, transportation, information, high-tech and professional services, real estate, education, restaurants, health services, tourism and other services firms.

The Federal Reserve Bank of Kansas City serves the Tenth Federal Reserve District, encompassing the western third of Missouri; all of Kansas, Colorado, Nebraska, Oklahoma and Wyoming; and the northern half of New Mexico. As part of the nation’s central bank, the Bank participates in setting national monetary policy, supervising and regulating numerous commercial banks and bank holding companies, and providing financial services to depository institutions. More information is available online at [www.kansascityfed.org](http://www.kansascityfed.org).

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## **TENTH DISTRICT SERVICES SUMMARY**

Tenth District services activity growth increased moderately in November, and expectations for future activity inched slightly higher (Chart 1 & Table 1). The monthly survey price indexes remained high, but slightly below previous levels. Expectations for future input prices decreased somewhat, while selling prices increased slightly.

### **Business Activity Increased Moderately**

The month-over-month services composite index was 10 in November, up from 6 in October but down from 20 in September (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventories indexes. The increase in growth was driven by higher activity in wholesale trade, restaurants, retail trade, and transportation. Most month-over-month indexes rose in November, with an increase in revenue/sales, number of employees, wages and benefits, and credit conditions indexes. In contrast, hours worked, employment, and inventory indexes decreased somewhat. The year-over-year composite index increased slightly from 17 to 21, but the inventory, credit conditions, and capital expenditures indexes had lower readings than last month. Expectations for services activity increased slightly in November, however indexes for revenue/sales inched slightly lower than previous levels.

### **Special Questions**

This month contacts were asked special questions about employment plans and labor market conditions. About 43% of firms expected to increase employment over the next 12 months, 40% of firms expected to leave employment unchanged, and 17% of firms expected to decrease employment over the next 12 months (Chart 2). About 81% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving employment plans (Chart 3). Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff.

## **Selected Services Comments**

“Some counterparties are slowing payments putting pressure on our business and requiring that we utilize lines of credit to meet operational costs. As a result, our costs are rising.”

“We are forecasting a tough next 12 months. I don't see supply increasing much and demand is softening.”

“Business activity has been good. Expect to see a slow down if a recession looms. We're aggressively ramping up our sales and marketing plans.”

“Business is seasonal, and we are going into our slow season. Our staffing numbers are still below last year, so we will continue to hire to get ready for next spring when volume picks up again.”

“Banks are restraining lending on new construction homes. New single-family permits have continued to drop - off about 20% in the last 3 months and the rate of decline is increasing. There has been some indication of softness in pricing in manufactured products (windows, doors, etc.) but no actual cuts yet and large increases are no longer expected.”

“Interest rates and construction cost are killing development. Properties that have floating rate debt are getting crushed.”

“Sales of existing homes will continue to slow with another rate increase coming in December that will further affect affordability. New homes under \$300,000 will do well because of builder price reductions and increased builder incentives to buyers.”

**Table 1. Summary of Tenth District Services Conditions, November 2022**

	November vs. October (percent)*					November vs. Year Ago (percent)*					Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index <sup>^</sup>	SA Index <sup>^^</sup>	Increase	No Change	Decrease	Diff Index <sup>^</sup>	Increase	No Change	Decrease	Diff Index <sup>^</sup>	SA Index <sup>^^</sup>	
Plant Level Indicators															
Composite Index				10	10				21				19	12	
General Revenue/Sales	33	41	25	8	9	56	8	36	20	45	25	29	16	7	
Number of Employees	20	66	14	7	6	44	34	22	22	37	49	14	23	20	
Employee Hours Worked	17	67	16	1	-2	32	52	16	16	24	60	16	8	4	
Part-Time/Temporary Employment	1	91	8	-7	-10	11	77	12	-1	8	84	8	0	-3	
Wages and Benefits	29	63	8	21	22	75	17	8	67	63	29	8	55	51	
Inventory Levels	34	49	16	18	18	42	38	19	23	38	42	19	19	12	
Credit Conditions/Access to Credit	4	87	9	-5	-5	7	79	15	-8	7	81	12	-5	-7	
Capital Expenditures	19	72	9	9	5	30	54	16	14	34	53	14	20	10	
Input Prices	47	45	8	39	35	82	12	5	77	69	23	8	61	58	
Selling Prices	33	52	15	19	15	72	17	11	61	61	25	13	48	41	

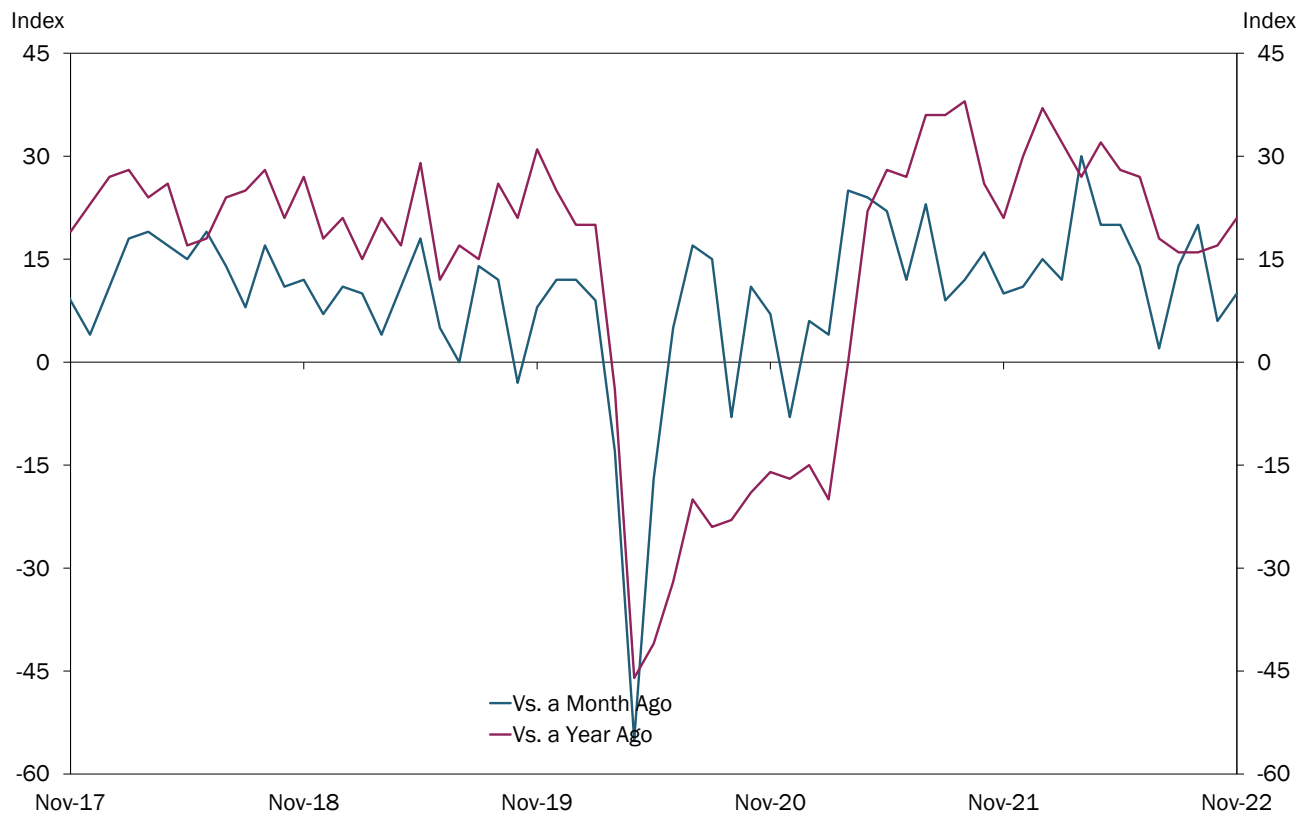
\*Percentage may not add to 100 due to rounding.

<sup>^</sup>Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

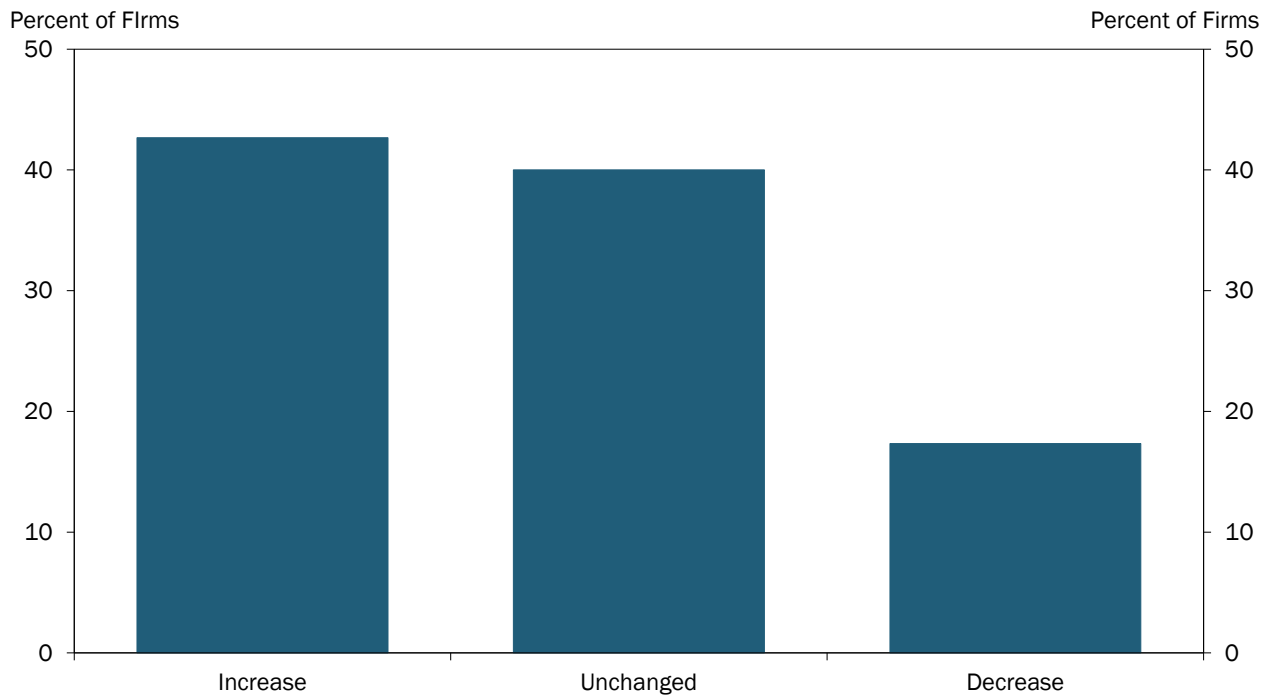
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The November survey was open for a five-day period from November 9-14, 2022 and included 75 responses from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

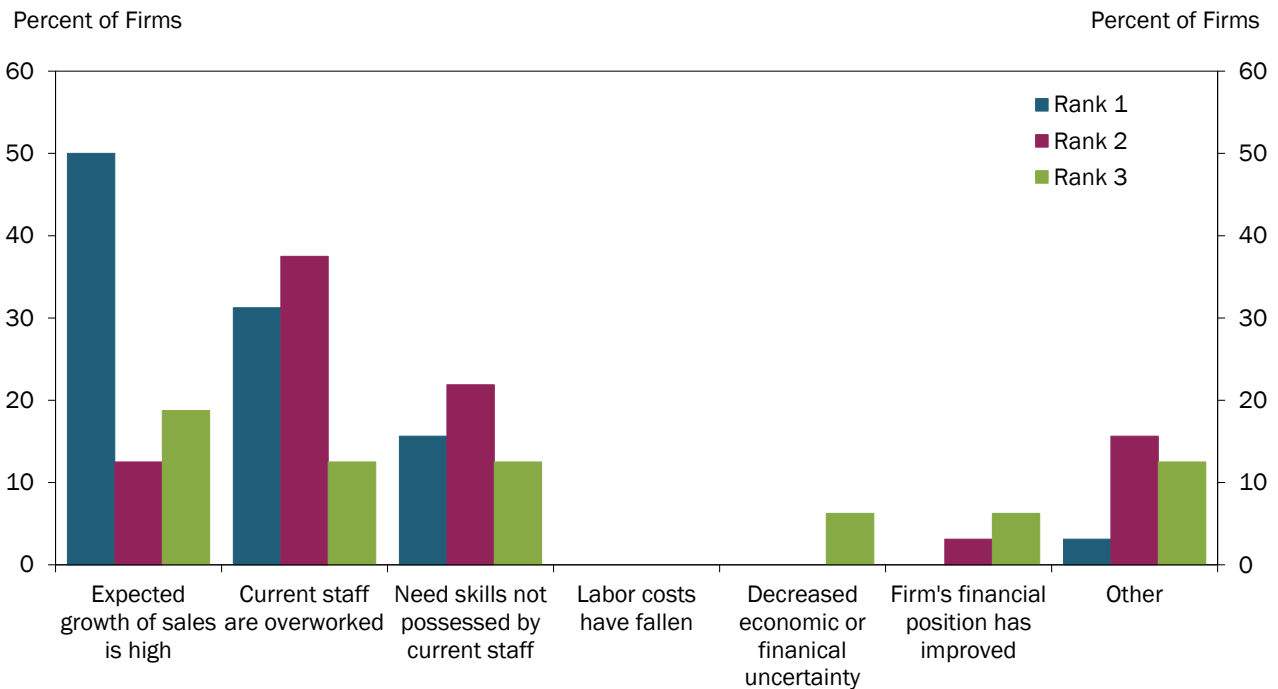
**Chart 1. Services Composite Indexes**



**Chart 2. Special Question: Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next twelve months?**



**Chart 3. Special Question: What are the three most important factors behind your plans to increase employment? Please rank the three factors in order from 1 (most important) to 3 (third most important).**



**Table 2**  
**Historical Services Survey Indexes**

	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22
Versus a Month Ago (seasonally adjusted)													
Composite Index	10	11	15	12	30	20	20	14	2	14	20	6	10
General Revenue/Sales	13	16	18	7	37	18	26	8	0	12	26	3	9
Number of Employees	15	13	13	22	26	21	24	26	0	13	11	3	6
Employee Hours Worked	22	15	19	31	33	15	21	10	18	9	17	0	-2
Part-Time/Temporary Employment	7	6	8	13	13	8	16	10	0	4	-3	-8	-10
Wages and Benefits	51	32	44	59	56	48	48	37	33	33	37	16	22
Inventory Levels	-3	-6	8	9	19	21	0	11	11	21	16	20	18
Credit Conditions/Access to Credit	5	0	2	6	-2	4	-6	-5	-6	-2	-2	-10	-5
Capital Expenditures	20	18	12	35	28	21	15	31	15	13	15	5	5
Input Prices	61	78	74	75	79	74	76	63	65	52	51	51	35
Selling Prices	46	55	39	63	58	56	49	35	31	37	38	16	15
Versus a Year Ago (not seasonally adjusted)													
Composite Index	21	30	37	32	27	32	28	27	18	16	16	17	21
General revenue/sales	37	46	56	43	29	41	32	28	15	17	18	13	20
Number of employees	4	21	19	22	25	22	27	28	14	8	12	17	22
Employee hours worked	30	24	24	27	29	34	20	16	19	10	17	2	16
Part-time/temporary employment	6	11	14	10	13	17	17	10	11	10	4	-2	-1
Wages and benefits	76	78	82	70	76	83	68	70	75	69	76	66	67
Inventory levels	4	4	14	18	25	26	19	22	32	23	19	27	23
Credit conditions/access to credit	9	1	3	3	1	4	0	-7	-5	-1	1	-5	-8
Capital expenditures	24	29	24	31	31	24	29	38	25	21	34	20	14
Input prices	80	82	78	77	81	79	86	83	81	83	88	84	77
Selling prices	68	79	68	67	71	76	76	69	64	66	72	55	61
Expected in Six Months (seasonally adjusted)													
Composite Index	23	33	37	41	40	42	26	16	19	10	9	9	12
General revenue/sales	30	36	50	57	49	44	33	18	24	7	9	8	7
Number of employees	25	35	31	31	44	47	26	19	14	18	7	11	20
Employee hours worked	24	28	28	33	26	34	7	10	10	2	3	4	4
Part-time/temporary employment	7	9	13	14	6	20	2	8	0	0	-11	-3	-3
Wages and benefits	67	59	77	62	70	71	64	54	52	50	49	41	51
Inventory levels	4	20	15	16	12	27	10	7	15	4	12	9	12
Credit conditions/access to credit	4	1	-2	6	-2	2	-7	-7	-4	-1	0	-7	-7
Capital expenditures	19	19	30	32	22	37	21	23	14	14	21	4	10
Input prices	66	61	71	69	70	63	77	71	65	62	66	61	58
Selling prices	52	50	49	56	63	67	59	55	54	42	58	32	41