



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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**Tenth District Services Activity Increased Significantly in June**  
*Federal Reserve Bank of Kansas City Releases June Services Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the June Services Survey today. According to Chad Wilkerson, senior vice president at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District activity increased significantly in June, while expectations for future activity declined slightly.

“District services activity increased significantly in June,” said Wilkerson. “In contrast, expectations for future activity edged lower as price increases continued.”

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 growth increased significantly in June, while expectations for the next six months declined slightly (Chart 1 & Table 1). Input price indexes remained high over the last month and were up from this time last year, while selling prices have picked up moderately from last month. Looking forward, firms expect an uptick in prices in the next six months.

### **Business Activity Increased Significantly**

The month-over-month services composite index was 14 in June, up from 3 in May and 7 in April (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The revenue and sales growth was driven primarily by restaurants and retail. In contrast, autos, transportation, real estate, and education services declined in June. All month-over-month indexes grew and remained expansionary, except input prices which plateaued at 30 and access to credit which declined back to negative territory. The general revenues/sales index increased substantially from 4 to 20, and the inventory levels, employee hours worked, and wages & benefits indexes all increased moderately. The year-over-year composite index declined from -4 to -11, driven mostly by decreases in employment and inventory levels as revenues remained steady. Expectations for services activity declined slightly in June, with the composite index declining from 6 to -4.

### **Special Questions**

This month contacts were asked special questions about expected demand, as well as hiring and employment activity. In June, a narrow majority of firms (56%) expected higher demand for their firm's products for the remainder of 2023, while 19% expected no change and 25% expected lower demand (Chart 2). Additionally, 81% of firms reported they have not lowered hiring and employment activity in the last 3 months and do not plan to in the next 6 months; namely, they have not stopped posting new positions and looking for new workers, reduced the number of hours for hired workers, or laid off workers (Chart 3).

## **Selected Services Comments**

“Interest and inflation are too high. Sales are too low. Profit margins are squeezed.”

“Right now, most truckers are hauling, at least some, loads at rates below their cost per mile.”

“Lack of workforce is still a major issue.”

“We are operating on a skeleton crew. With interest increases and cost of doing business increasing, we are not wanting to hire any excess employees.”

“We have adopted a more work-at-home model for many positions and vacated rented properties (office space) at lease end across the enterprise. This may be a permanent change.”

**Table 1. Summary of Tenth District Services Conditions, June 2023**

Plant Level Indicators	June vs. May (percent)*					June vs. Year Ago (percent)*				Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index <sup>^</sup>	SA Index <sup>^^</sup>	Increase	Change	Decrease	Diff Index <sup>^</sup>	Increase	Change	Decrease	Diff Index <sup>^</sup>	SA Index <sup>^^</sup>
Composite Index				19	14				-11				-10	-4
General Revenue/Sales	44	39	18	26	20	31	20	48	-17	29	35	37	-8	-2
Number of Employees	25	63	13	13	6	23	47	30	-6	19	52	30	-11	-6
Employee Hours Worked	27	63	10	17	14	22	60	17	5	19	59	22	-3	4
Part-Time/Temporary Employment	16	80	5	11	6	8	77	16	-8	13	72	16	-3	-2
Wages and Benefits	31	67	2	30	25	78	14	8	70	50	47	3	47	49
Inventory Levels	26	60	15	11	12	21	56	23	-2	13	61	26	-13	-8
Credit Conditions/Access to Credit	5	83	13	-8	-6	8	75	17	-9	8	78	14	-6	-6
Capital Expenditures	23	67	9	14	15	33	48	19	14	30	55	16	14	15
Input Prices	38	56	6	32	30	76	13	11	65	54	41	5	49	50
Selling Prices	28	64	8	20	19	50	28	22	28	40	49	11	29	27

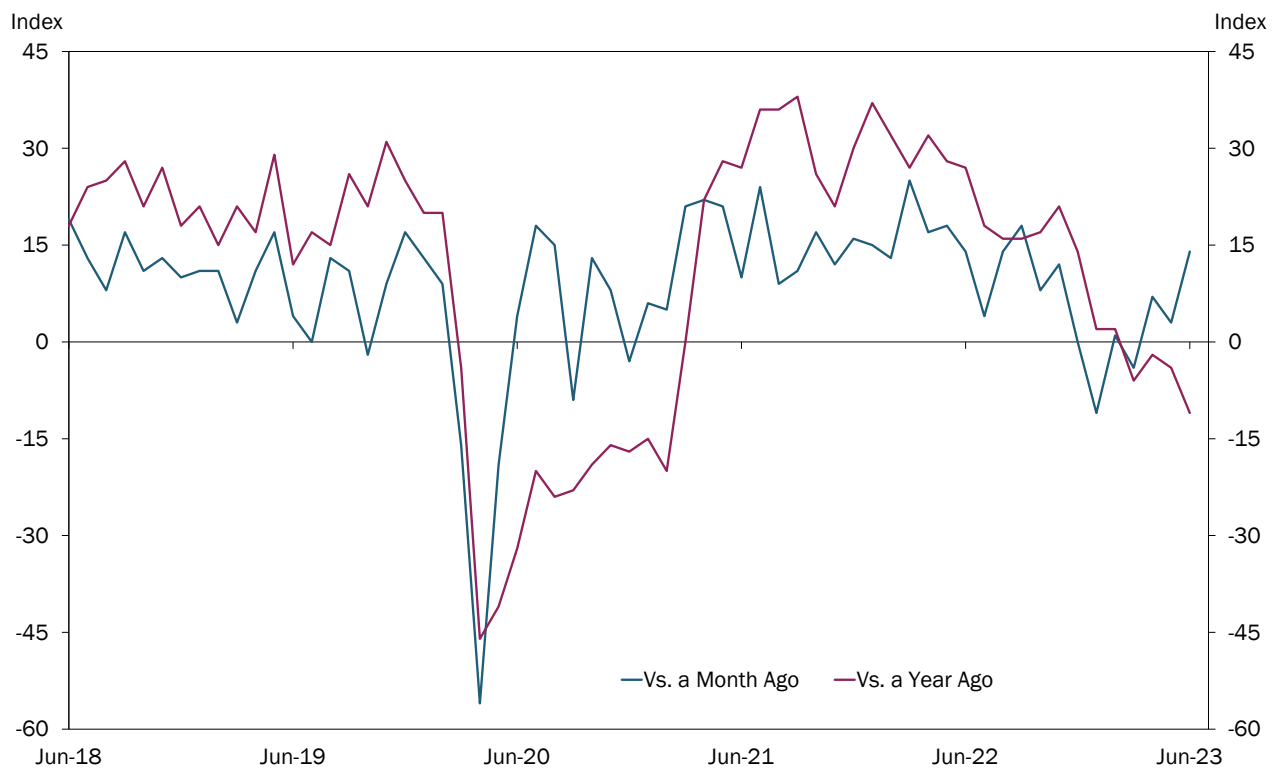
\*Percentage may not add to 100 due to rounding.

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

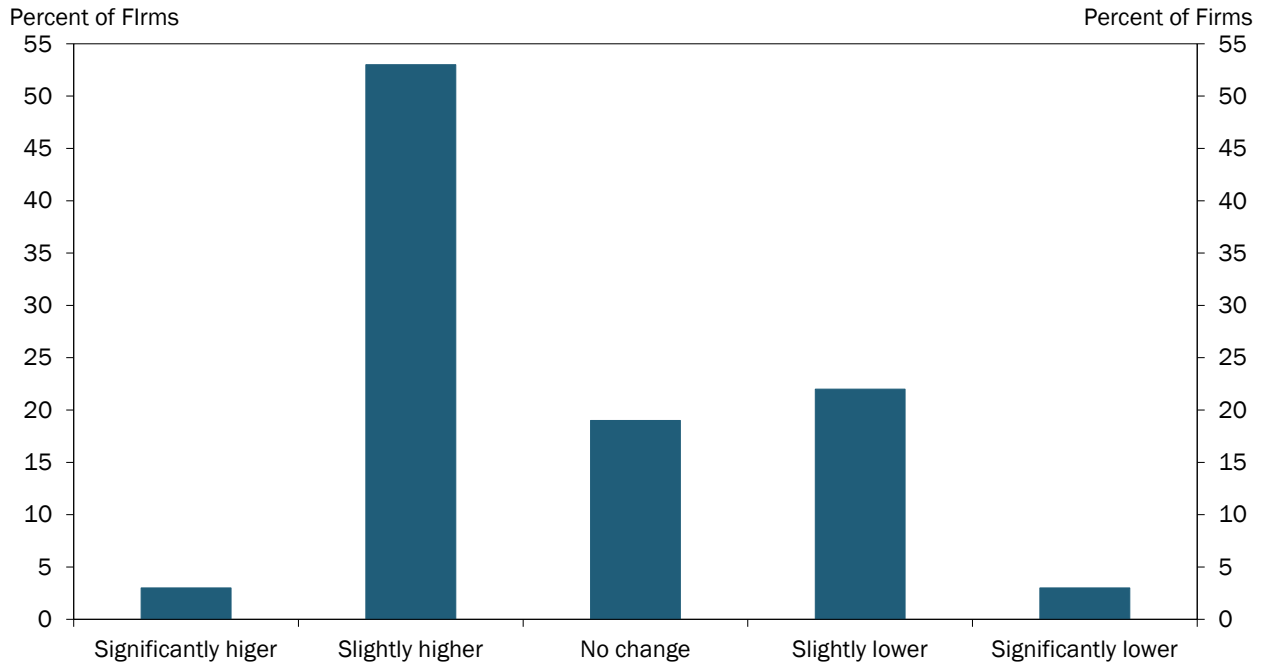
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The June survey was open for a six-day period from June 14-20, 2023 and included 64 responses from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

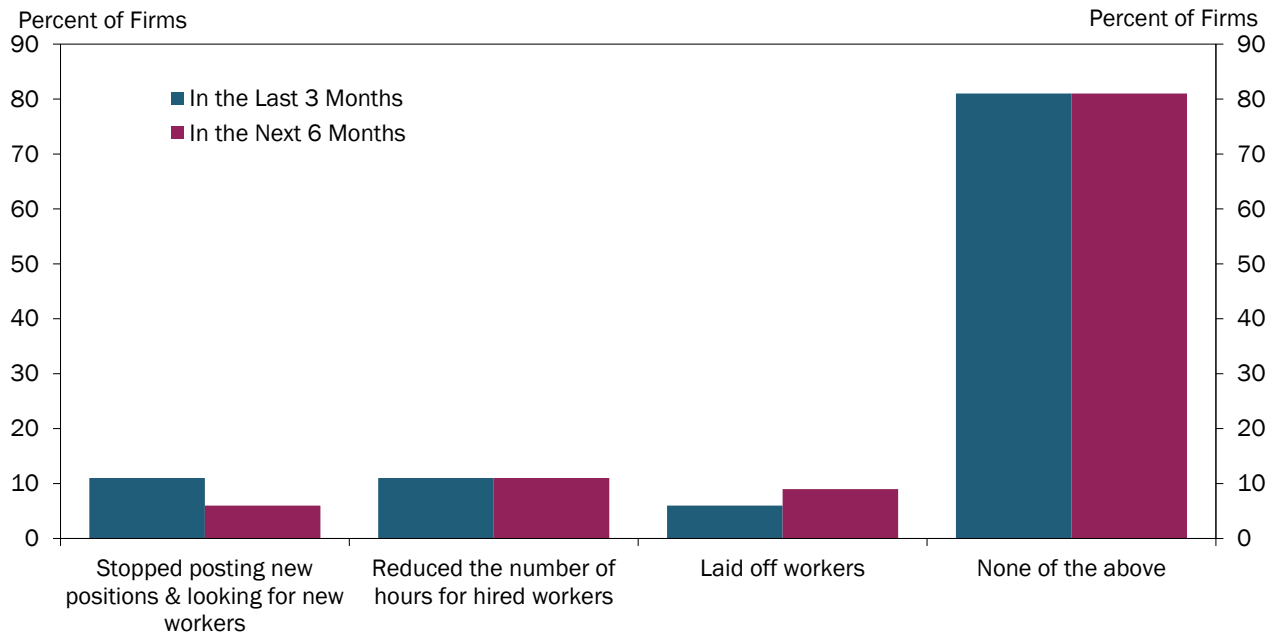
**Chart 1. Services Composite Indexes**



**Chart 2. Special Question: What are your expectations for demand for your firm's products for the remainder of 2023?**



**Chart 3. Special Question: District Firms' Hiring and Employment Activity**



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

	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23
<b>Versus a Month Ago</b> (seasonally adjusted)													
Composite Index	14	4	14	18	8	12	0	-11	1	-4	7	3	14
General Revenue/Sales	10	3	13	22	5	11	-1	-22	1	-5	18	4	20
Number of Employees	22	1	14	13	7	9	-9	-5	5	-2	-2	2	6
Employee Hours Worked	11	17	10	16	3	2	3	-2	2	-6	15	5	14
Part-Time/Temporary Employment	9	2	2	-2	-6	-6	-8	0	-4	-6	-8	2	6
Wages and Benefits	37	34	33	38	22	21	31	23	33	22	24	17	25
Inventory Levels	13	12	18	16	19	18	18	8	-4	-3	-9	2	12
Credit Conditions/Access to Credit	-5	-5	-2	-3	-9	-5	-8	-4	3	-4	-12	2	-6
Capital Expenditures	27	16	14	17	8	9	7	12	10	13	11	14	15
Input Prices	66	64	54	54	51	40	34	38	42	34	43	30	30
Selling Prices	36	33	37	37	21	18	7	8	10	6	5	10	19
<b>Versus a Year Ago</b> (not seasonally adjusted)													
Composite Index	27	18	16	16	17	21	14	2	2	-6	-2	-4	-11
General revenue/sales	28	15	17	18	13	20	14	-3	-2	-9	-9	-16	-17
Number of employees	28	14	8	12	17	22	3	-9	-2	-10	3	3	-6
Employee hours worked	16	19	10	17	2	16	9	-7	0	-3	8	-4	5
Part-time/temporary employment	10	11	10	4	-2	-1	-8	-7	-4	-4	-5	3	-8
Wages and benefits	70	75	69	76	66	67	68	72	74	65	61	68	70
Inventory levels	22	32	23	19	27	23	30	29	17	6	8	14	-2
Credit conditions/access to credit	-7	-5	-1	1	-5	-8	-8	-1	4	-10	-8	-3	-9
Capital expenditures	38	25	21	34	20	14	16	16	19	14	20	24	14
Input prices	83	81	83	88	84	77	69	68	70	69	67	48	65
Selling prices	69	64	66	72	55	61	39	40	43	29	30	37	28
<b>Expected in Six Months</b> (seasonally adjusted)													
Composite Index	17	19	13	12	12	17	4	-2	13	2	14	6	-4
General revenue/sales	20	24	12	13	13	14	8	-7	19	6	19	3	-2
Number of employees	18	14	18	9	13	24	-4	9	8	-5	18	10	-6
Employee hours worked	11	10	5	6	6	7	1	4	14	2	10	5	4
Part-time/temporary employment	6	0	0	-10	-1	-1	-7	1	-1	3	-2	-2	-2
Wages and benefits	53	54	52	51	44	51	52	54	58	53	52	40	49
Inventory levels	9	15	8	12	10	13	8	-5	4	3	-4	6	-8
Credit conditions/access to credit	-6	-4	-1	-1	-6	-5	-5	-3	-2	-4	-13	-3	-6
Capital expenditures	21	14	15	20	7	13	8	13	17	24	16	10	15
Input prices	69	65	63	66	60	55	60	56	60	64	61	44	50
Selling prices	53	52	42	60	35	41	23	32	36	33	16	20	27