



# NEWS RELEASE

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**Tenth District Services Activity Grew Somewhat in August**  
***Federal Reserve Bank of Kansas City Releases August Services Survey***

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the August Services Survey today. According to Chad Wilkerson, senior vice president at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District services grew somewhat, and expectations for future activity increased moderately.

“District services activity grew somewhat in August as sales among business and professional firms rebounded,” said Wilkerson. “Business sentiment for the near future is high, as the expectations index reached its highest level since November 2022.”

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 grew somewhat in August and expectations for the future increased moderately (Chart 1 & Table 1). Selling prices increased after staying flat last month, but are still growing at a slower pace than input prices.

### Business Activity Grew Somewhat

The month-over-month services composite index was 5 in August, up from -4 in July and 2 in June (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Growth slowed in the consumer services sector, particularly in wholesale and hospitality, while business and professional activity expanded following a decline last month. The month-over-month indexes were mixed, with the three employment indexes, inventories, and access to credit falling while sales and other indexes posted positive readings. The general revenue/sales index made a full rebound from last month, increasing from -16 to 17. The year-over-year composite index rose from 3 to 10, also driven by revenues. Capital expenditures continued to expand at a modest pace. The composite expectations index for services activity expanded to its highest level since November 2022 at 15, as the revenues/sales expectations index climbed to 27.

### Special Questions

This month contacts were asked special questions about plans for hiring and capital expenditures as well as transportation costs. 10% of firms report they expect to hire more workers by the end of 2024 than they had originally planned at the beginning of the year, while 27% expect to hire less workers and 63% of firms' plans are unchanged. Additionally, 12% of firms expect more capital expenditures by the end of the year than originally planned, 30% expect less, and 58% have unchanged plans (Chart 2). Contacts were also asked about transportation costs. In the last 6 months, transportation costs have increased significantly for 24% of firms, increased slightly for 36%, remained unchanged for 34%, and decreased slightly for 6%. In the next 6 months, 16% of firms expect transportation costs to increase significantly, 32% expect a slight increase, 46% expect no change, 4% expect a slight decrease, and 2% expect a significant decrease (Chart 3).

## **Selected Services Comments**

“Many of our clients are using less outsource staffing and it is becoming difficult to find those businesses that need to outsource their staffing.”

“Commodity lumber prices are at lower levels and manufacturers are trying to limit production so prices will increase; so far their efforts have not worked. Look for slightly higher prices for the next year but not dramatic increases. More single family for rent homes have been built than this market has seen in the past. Some multi-family projects are on hold until better financing is available. Occupancy rates in this market still seem to be good.”

“The high cost of interest on our loans are having a very negative effect on our net profit. The cost of interest and inflation are driving layoffs throughout our sector.”

“Transaction counts continue to be down, creating more uncertainty over the past several months. It appears the consumer is tightening their budgets.”

“Consumers are more price conscience and are looking at ways to save money.”

Table 1. Summary of Tenth District Services Conditions, August 2024

Plant Level Indicators	August vs. July (percent)*					August vs. Year Ago (percent)*				Expected in Six Months (percent)*				
	Increase	No Change		Diff Index^	SA Index**	Increase	No Change		Diff Index^	Increase	No Change		Diff Index^	SA Index**
		Decrease	Index^				Decrease	Index^			Decrease	Index^		
Composite Index				4	5				10				8	15
General Revenue/Sales	42	33	25	16	17	46	24	31	15	44	26	29	15	27
Number of Employees	13	63	24	-10	-9	28	51	21	7	28	49	22	6	8
Employee Hours Worked	16	69	15	1	-2	22	60	18	4	19	60	21	-1	7
Part-Time/Temporary Employment	7	82	10	-3	-2	13	78	9	4	13	76	10	3	5
Wages and Benefits	26	66	7	19	18	78	12	10	68	46	49	6	40	40
Inventory Levels	18	60	22	-3	-5	29	42	29	0	18	54	28	-9	-4
Credit Conditions/Access to Credit	3	85	12	-9	-7	9	73	18	-9	7	81	12	-4	-1
Capital Expenditures	21	67	12	9	10	28	49	22	6	28	54	18	10	14
Input Prices	35	53	12	23	22	65	20	15	50	50	41	9	41	44
Selling Prices	28	57	15	13	10	57	22	21	37	37	50	13	24	29

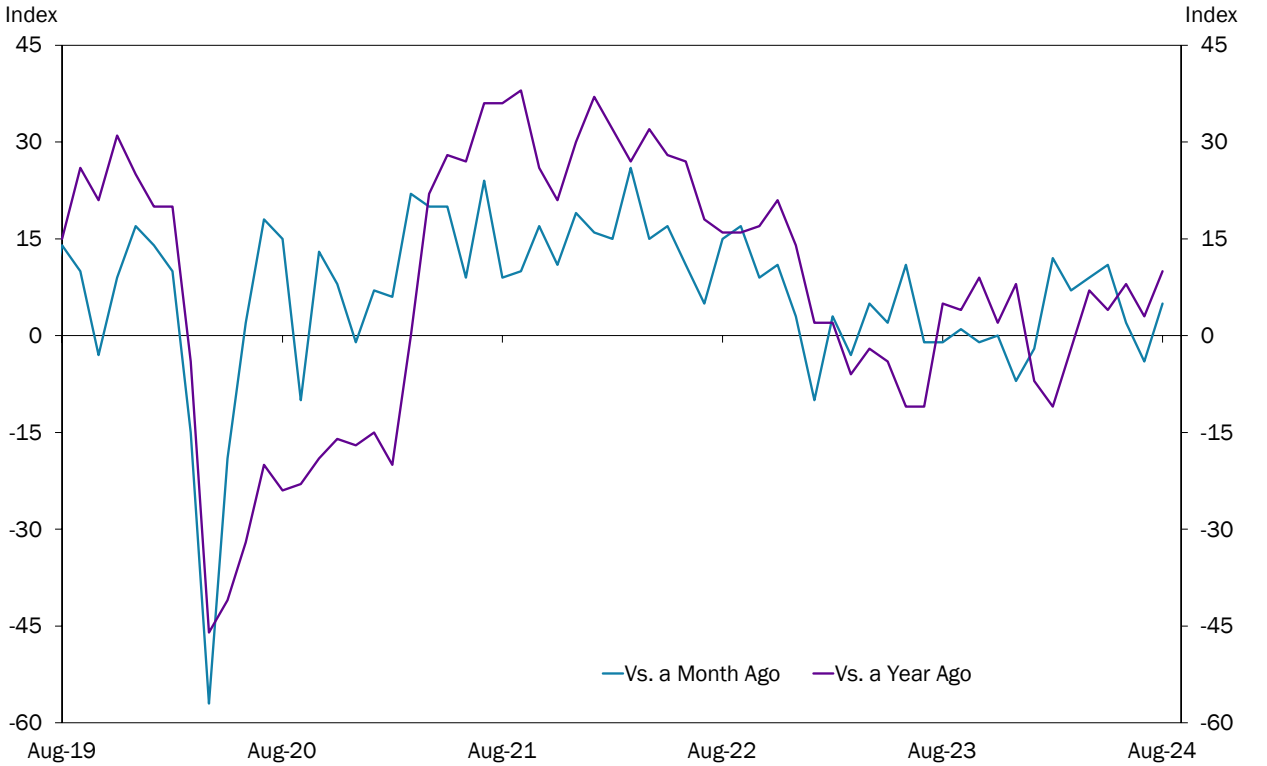
\*Percentage may not add to 100 due to rounding.

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

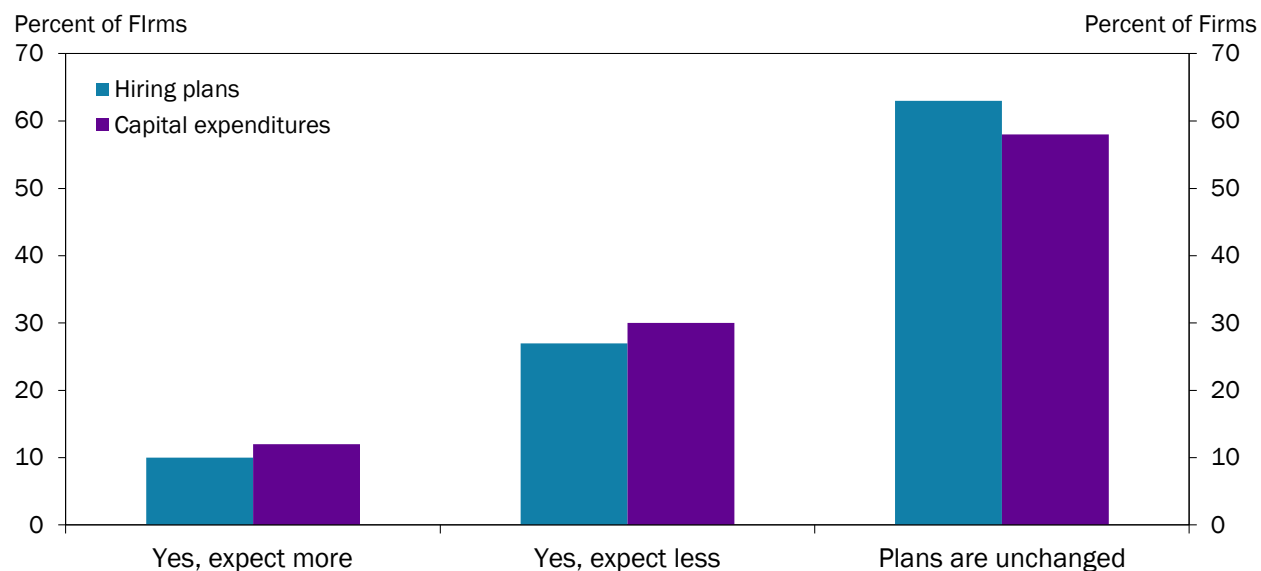
\*\*Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The August survey was open for a six-day period from August 14-19, 2024 and included 68 responses from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

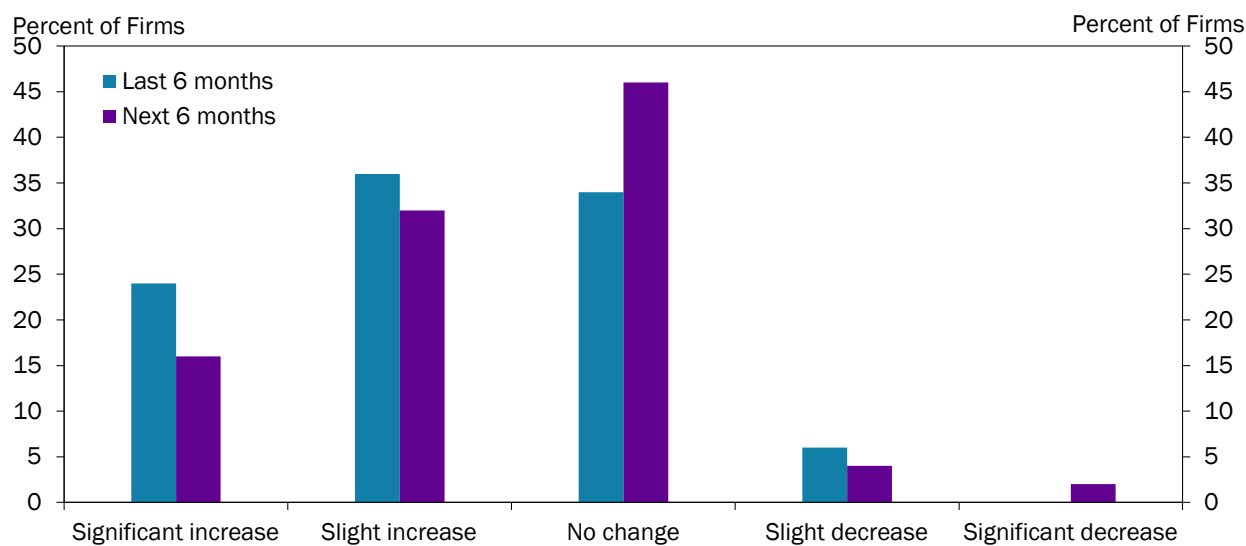
Chart 1. Services Composite Indexes



**Chart 2. Special Question: Compared to the beginning of the year, have your plans for the following changed for the remainder of 2024?**



**Chart 3. Special Question: How have/will transportation costs change for your firm?**



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

	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24
Versus a Month Ago (seasonally adjusted)													
Composite Index	-1	1	-1	0	-7	-2	12	7	9	11	2	-4	5
General Revenue/Sales	-5	2	-3	2	-13	-1	20	4	5	7	4	-16	17
Number of Employees	3	-2	4	-2	1	-11	0	10	6	18	-4	10	-9
Employee Hours Worked	-2	0	-1	-1	-9	-4	7	3	3	11	-5	6	-2
Part-Time/Temporary Employment	-2	-3	-8	-3	-4	-10	-10	-8	2	10	-4	-1	-2
Wages and Benefits	20	21	20	19	12	27	25	37	37	32	17	18	18
Inventory Levels	3	5	-4	-2	-4	7	11	8	22	10	7	4	-5
Credit Conditions/Access to Credit	-12	-9	-10	-8	-4	-5	-12	-11	-8	-8	-6	-2	-7
Capital Expenditures	12	9	6	16	11	8	2	28	16	21	14	10	10
Input Prices	34	46	32	36	12	32	43	34	35	33	27	19	22
Selling Prices	0	11	8	12	1	12	5	15	11	4	-5	0	10
Versus a Year Ago (not seasonally adjusted)													
Composite Index	5	4	9	2	8	-7	-11	-2	7	4	8	3	10
General revenue/sales	-2	0	12	-1	7	-9	-23	-6	7	3	6	-3	15
Number of employees	9	5	7	4	14	-13	-6	1	-1	3	9	6	7
Employee hours worked	3	-1	16	11	13	-11	-11	-7	0	5	-1	5	4
Part-time/temporary employment	3	1	-4	-3	3	-9	-5	-9	-3	-2	-7	7	4
Wages and benefits	57	74	70	68	63	57	66	66	71	66	65	61	68
Inventory levels	16	14	4	7	1	6	10	5	18	10	13	13	0
Credit conditions/access to credit	-22	-12	-19	-10	-9	-10	-14	-10	-4	-13	-9	-13	-9
Capital expenditures	17	13	7	18	20	2	8	10	19	27	4	5	6
Input prices	50	71	72	65	56	55	60	58	67	63	56	48	50
Selling prices	22	35	38	40	39	31	27	39	33	25	30	24	37
Expected in Six Months (seasonally adjusted)													
Composite Index	5	4	6	12	-1	3	-3	1	2	10	10	6	15
General revenue/sales	3	6	13	21	-1	3	-9	6	-2	18	14	14	27
Number of employees	9	1	3	5	2	4	5	-2	-2	-3	12	2	8
Employee hours worked	3	3	8	8	5	-5	0	6	-14	-3	2	2	7
Part-time/temporary employment	3	0	1	2	-2	-1	-11	-4	-6	-1	-6	2	5
Wages and benefits	44	46	52	45	28	38	53	54	57	63	42	38	40
Inventory levels	2	4	-5	2	-3	1	1	-8	16	8	-1	-6	-4
Credit conditions/access to credit	-14	-10	-15	-8	-2	-11	-11	-8	-8	-14	-7	-5	-1
Capital expenditures	13	10	13	18	8	9	6	11	17	19	-1	7	14
Input prices	49	53	43	56	34	53	67	45	61	63	51	37	44
Selling prices	26	25	31	32	24	27	28	36	35	38	20	19	29