



NEWS RELEASE

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Tenth District Services Activity Eased Slightly in September
Federal Reserve Bank of Kansas City Releases September Services Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the September 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 activity eased slightly, and expectations for future activity softened somewhat.

“District services activity moderated somewhat in September as revenues were flat but employment decreased modestly,” said Wilkerson. “Business sentiment softened from last month’s high, as firms now expect lower revenue growth in the next six months.”

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/.

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.

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TENTH DISTRICT SERVICES SUMMARY

Tenth District services activity eased slightly in September and expectations for future activity softened somewhat (Chart 1 & Table 1). Input price growth accelerated this month, while selling price growth cooled somewhat. Input prices continue to grow at a faster pace than selling prices on a month-over-month and year-over-year basis.

Business Activity Eased Slightly

The month-over-month services composite index was -2 in September, down from 5 in August and up from -4 in July (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Transportation, leisure and hospitality, and retail saw the largest declines, while real estate activity increased. Revenues were flat from last month, as the month-over-month index decreased from 17 to -1. Employment declined slightly with a reading of -5, up from -9 last month. The year-over-year composite index fell from 10 to 4, as revenue and employment growth eased while inventories increased. Capital expenditures growth accelerated, increasing from 6 to 18. The composite expectations index for services activity cooled from last month's high but remained expansionary with a reading of 7.

Special Questions

This month contacts were asked how their current investment in technology will likely impact employment levels over the next year. Two-thirds of firms (66%) said their technology investment will have no impact on employment, but over a quarter (29%) reported they expect a slight decrease while 5% expect a slight increase (Chart 2). Firms were also asked if they've seen any change in the flow of job applicants per job opening since last year. Responses were mixed, with 36% of firms reporting an increase in the number of job openings, while 38% reported no change, 20% reported a decrease, and 6% have not had any openings (Chart 3).

Selected Services Comments

“Sales have seen an increase in the last 60 days. Loan defaults are slowing, but the individual loan losses have increased at least 30% this year.”

“Sales of homes has increased substantially in September, which is not typical.”

“It's still rough and changes by the day, but we do see customers and are making sales. Customers are certainly more responsive to promotions.”

“Inflation may have abated, but the effects are not that apparent in our industry.”

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

Plant Level Indicators	September vs. August (percent)*					September 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	Decrease				Decrease	Decrease			Decrease	Decrease		
Composite Index				2	-2				4				4	7
General Revenue/Sales	37	34	29	8	-1	42	18	40	2	39	27	34	5	9
Number of Employees	19	55	26	-6	-5	29	47	24	5	31	47	23	8	11
Employee Hours Worked	22	62	17	5	2	23	50	27	-3	25	57	18	7	13
Part-Time/Temporary Employment	6	81	13	-6	-5	8	81	11	-3	10	82	8	2	4
Wages and Benefits	21	73	6	15	10	66	23	11	55	48	47	5	44	37
Inventory Levels	20	57	23	-3	-1	30	48	23	7	18	57	25	-7	-3
Credit Conditions/Access to Credit	3	87	10	-6	-8	11	74	15	-3	13	74	13	0	-1
Capital Expenditures	33	56	11	21	17	37	44	19	18	31	56	13	18	16
Input Prices	40	53	7	33	31	75	13	12	63	60	30	10	50	44
Selling Prices	24	65	11	13	7	61	19	19	42	42	47	11	31	32

*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 September survey was open for a six-day period from September 18-23, 2024 and included 62 responses from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

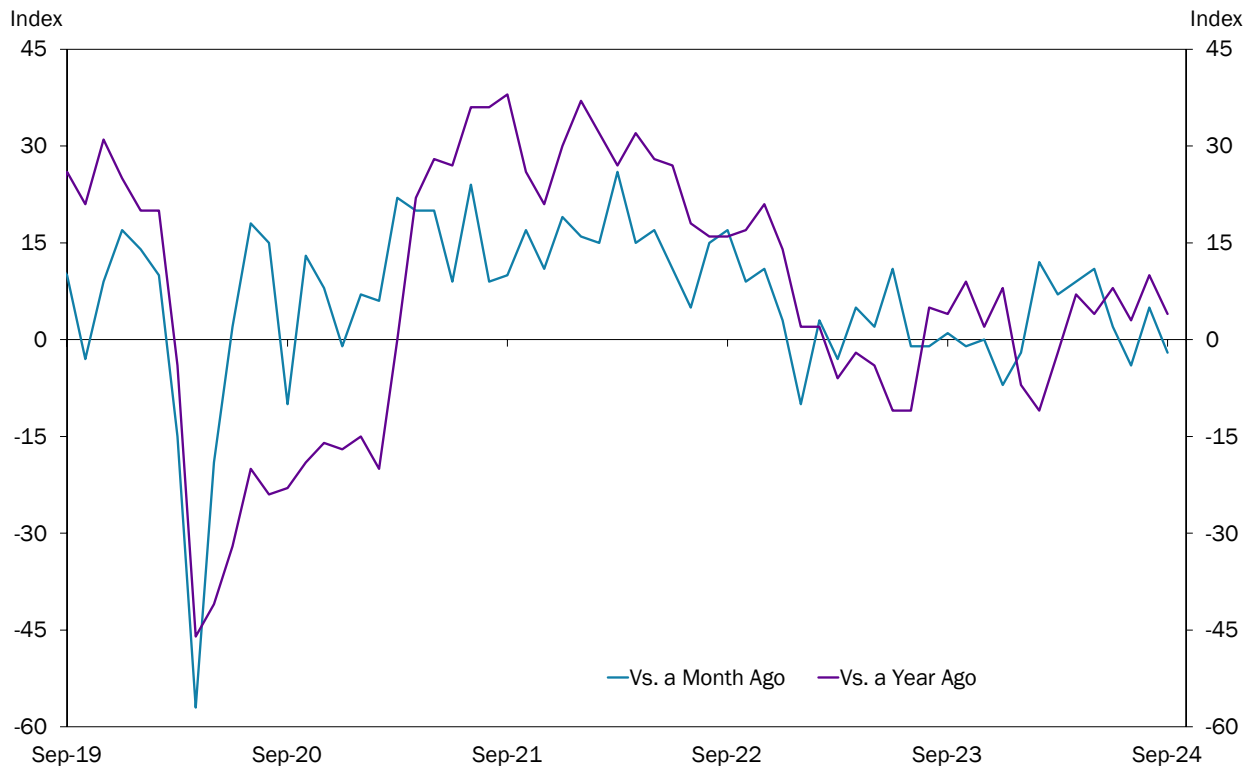


Chart 2. Special Question: How is your current investment in technology likely to impact employment levels over the next year?

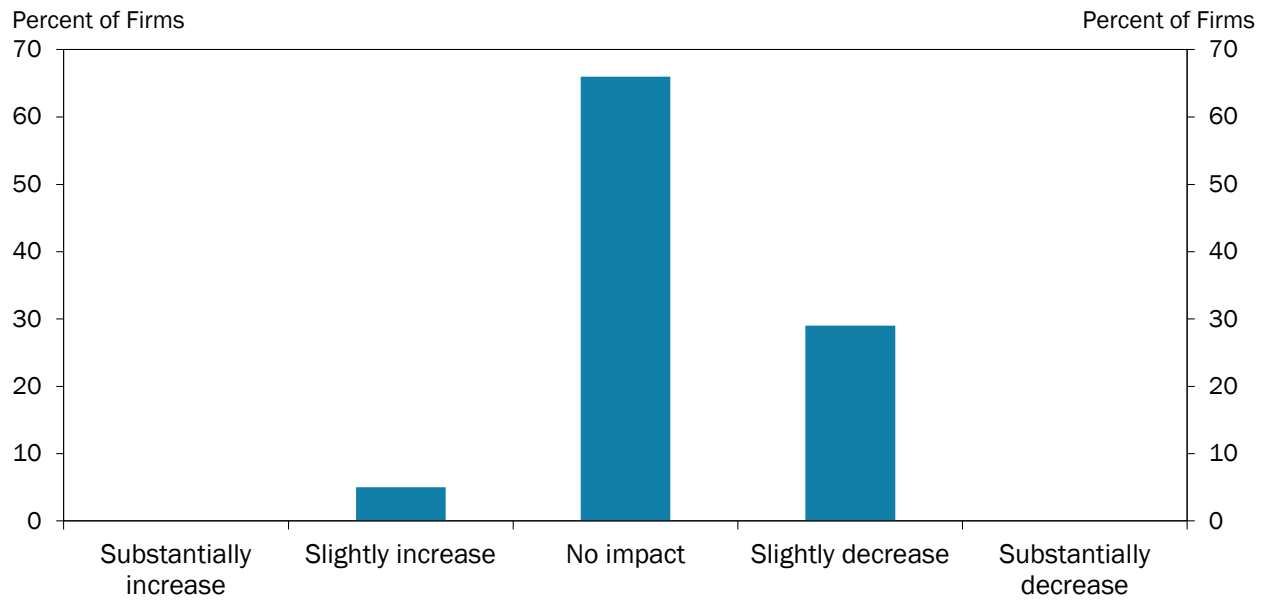


Chart 3. Special Question: Have you seen any change in the flow of job applicants per job opening at your firm since last year?

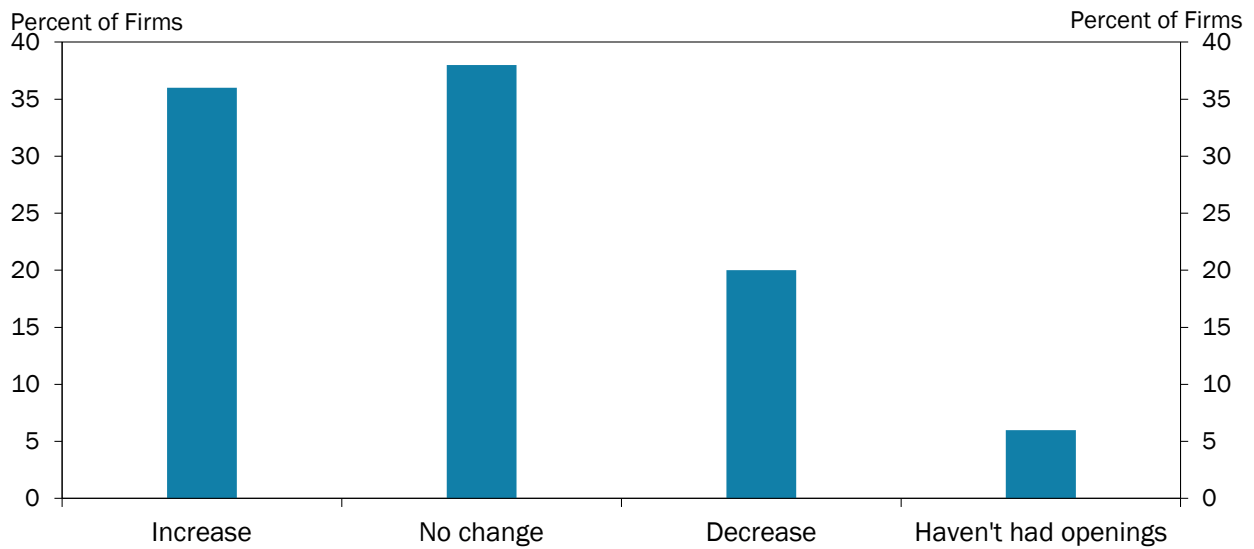


Table 2
Historical Services Survey Indexes

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