

FOR IMMEDIATE RELEASE

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Tenth District Services Activity Rose 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 Cortney Cowley, assistant vice president and Oklahoma City Branch executive, results from the survey showed that Tenth District services activity rose somewhat in August, and expectations for future activity remained positive.

“Regional services grew slightly in August, and firms expect further growth in the next six months,” said Cowley. “Growth in selling prices cooled modestly from last month, even as input prices continue to increase.”

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 rose somewhat in August, and expectations for future activity remained positive (Chart 1 & Table 1). Input prices accelerated from last month, while growth in selling prices cooled slightly.

Business Activity Rose Somewhat in August

The month-over-month services composite index was 4 in August, up from -5 in July, and 3 in June (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in real estate, wholesale trade, and health services sectors grew, while growth in tourism cooled. Most month-over-month indexes were positive, except access to credit, employee hours worked, and part-time/temporary employment. General revenue/sales jumped from -8 to 5, and employment grew from -6 to 2. Year-over-year growth increased from 1 to 12, and revenues rose from -2 to 16 (Chart 2). Capital expenditures inched higher from 6 to 8. Expectations for future services activity remained positive, as firms anticipate increasing revenue.

Special Questions

This month, contacts were asked special questions about changes in purchasing activity and product demand expectations. Over a third (36%) of firms reported customers' purchase volumes decreased slightly compared to last quarter, 8% reported a significant decrease, 32% reported no change, 23% reported a slight increase, and 1% reported a significant increase in purchase volumes. Compared to last quarter, approximately 33% of firms reported the count of customer purchases decreased slightly, 8% reported a significant decrease, 34% reported no change, 23% reported a slight increase, 1% reported they increased significantly (Chart 2). Approximately 37% of firms expect demand for their products to be slightly higher than the prior quarter for the remainder of 2025 and 2% expect it will be significantly higher, 28% expect no change, while 23% expect it will be slightly lower, and 10% expect it will be significantly lower (Chart 3).

Selected Services Comments

“We are seeing higher transaction counts and lower average check. Clearly customers are more price conscious the past couple months.”

“AI is helping us be more efficient with fewer employees - we are cutting costs dramatically (10%+) - more customers are saying they want to wait and see - lower budgets.”

“We anticipate a slight hiring increase over the next month.”

“Lots of uncertainty in buyers.”

“Jan- Apr we saw incredible fear and lack of buying. Now we are seeing some light but still awful sales.”

“Lower income consumers not spending dollars at restaurants and eating at home more. Breakfast sales are not as strong as in past quarters. Will be lowering value meal pricing starting in September to work on value component with consumers.”

“The lower-income consumer does seem to be more stressed.”

Table 1. Summary of Tenth District Services Conditions, August 2025

	August vs. July (percent)*					August vs. Year Ago (percent)*					Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^A}	Increase	No Change	Decrease	Diff Index [^]		Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^A}
Plant Level Indicators															
Composite Index				5	4				12					5	11
Consumer Services									14						
Business Services									7						
General Revenue/Sales	38	30	31	7	5	51	14	35	16	41	30	29	11	21	
Number of Employees	17	67	16	1	2	34	41	25	8	22	53	25	-3	-2	
Employee Hours Worked	22	58	21	1	-1	27	51	22	5	26	52	22	4	11	
Part-Time/Temporary Employment	5	79	16	-11	-11	10	69	22	-12	6	76	18	-12	-13	
Wages and Benefits	22	76	2	21	21	73	18	9	63	53	40	8	45	47	
Inventory Levels	22	61	17	5	6	32	45	23	9	24	53	22	2	7	
Credit Conditions/Access to Credit	6	83	11	-6	-3	10	75	15	-5	8	80	11	-3	-1	
Capital Expenditures	22	60	18	4	5	35	39	26	8	26	50	24	2	4	
Input Prices	50	43	7	43	45	75	17	9	66	65	28	7	59	63	
Selling Prices	28	64	8	21	15	63	24	13	50	45	42	12	33	35	

*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.

^{^A}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 20-25, 2025 and included 107 responses (73 consumer and 34 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

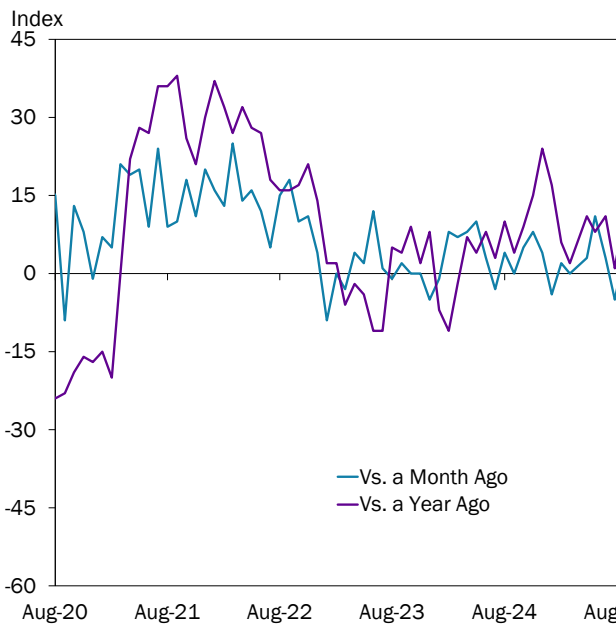


Chart 2. Composite Indexes vs. a Year Ago by Sector

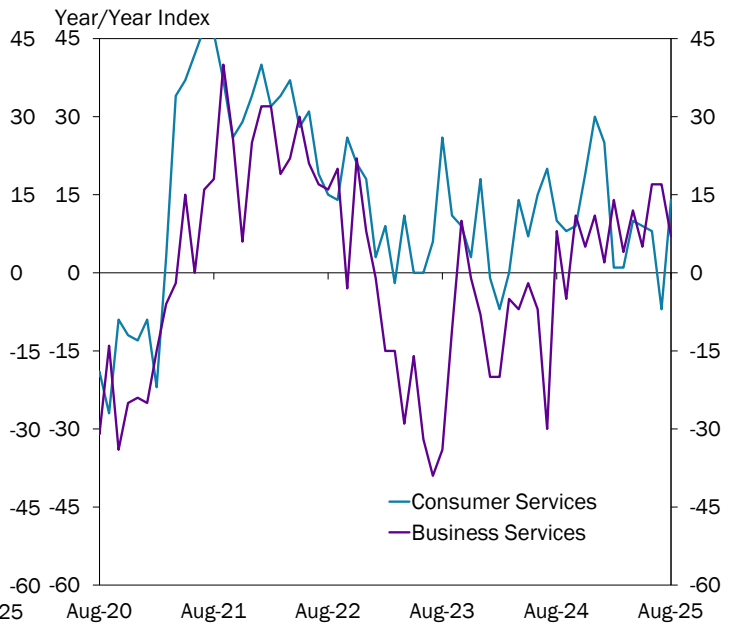


Chart 3. Special Question: Compared to the last quarter, how have your customers' purchase volumes and frequency of purchases/services changed?

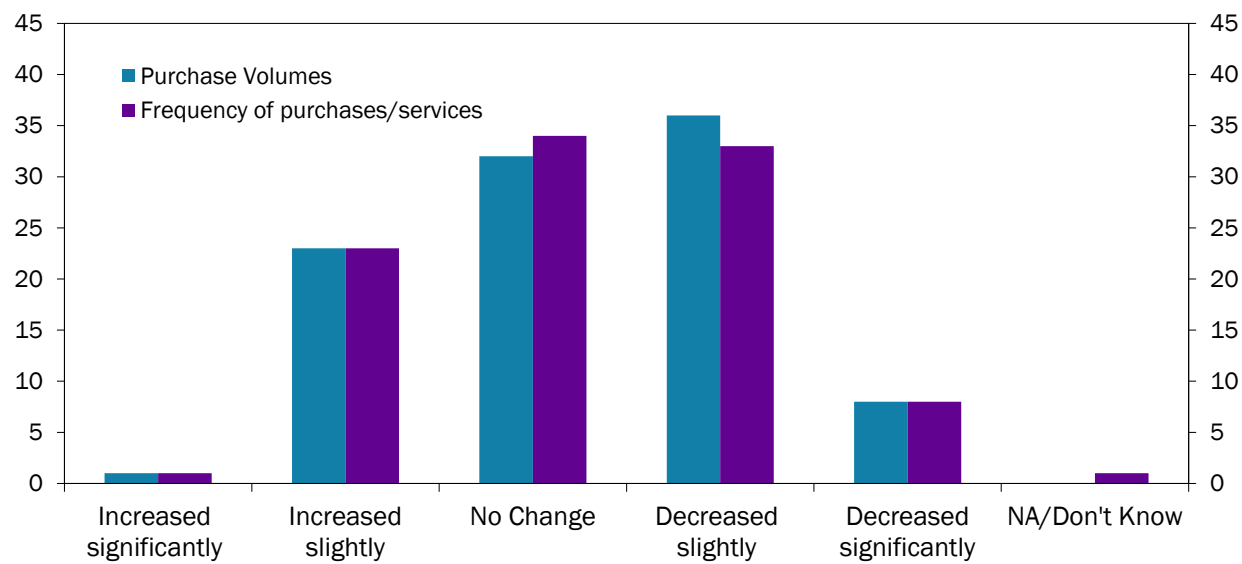


Chart 4. Special Question: What are your expectations for demand for your firm's products for the remainder of 2025 compared to the prior quarter?

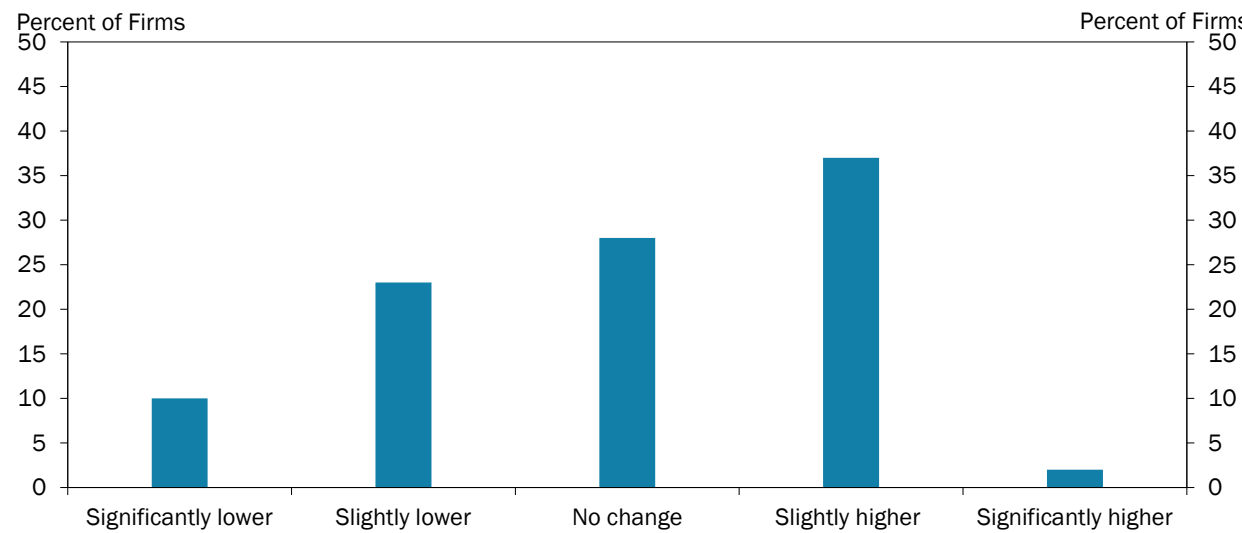


Table 2
Historical Services Survey Indexes

	Aug'24	Sep'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25
Versus a Month Ago (seasonally adjusted)													
Composite Index	4	0	5	8	4	-4	2	0	3	11	3	-5	4
General Revenue/Sales	15	2	7	12	5	-8	-1	4	4	14	2	-8	5
Number of Employees	-9	-4	4	5	3	-1	3	-5	2	10	6	-6	2
Employee Hours Worked	-1	2	6	5	5	-1	-4	-10	2	9	3	-6	-1
Part-Time/Temporary Employment	-2	-5	0	-1	1	-3	-3	-8	-9	2	2	-15	-11
Wages and Benefits	19	13	32	21	20	20	12	15	22	30	25	19	21
Inventory Levels	-3	0	3	3	2	4	9	-2	4	3	-1	2	6
Credit Conditions/Access to Credit	-6	-7	-2	-1	-3	-7	-10	-5	-2	-4	0	-4	-3
Capital Expenditures	10	17	23	12	16	19	2	15	15	17	6	10	5
Input Prices	24	30	26	26	25	34	40	41	49	43	39	34	45
Selling Prices	8	7	9	7	9	14	15	8	16	18	16	17	15
Versus a Year Ago (not seasonally adjusted)													
Composite Index	10	4	9	15	24	17	6	2	11	8	11	1	12
<i>Consumer Services</i>	10	8	9	19	30	25	1	1	10	9	8	-7	14
<i>Business Services</i>	8	-5	11	5	11	2	14	4	12	5	17	17	7
General revenue/sales	15	2	8	23	33	17	-2	1	14	9	7	-2	16
Number of employees	7	5	12	8	16	17	13	-5	6	3	17	6	8
Employee hours worked	4	-3	6	6	8	11	-2	-8	1	-2	2	2	5
Part-time/temporary employment	4	-3	-9	-4	6	9	1	-1	-3	9	8	-6	-12
Wages and benefits	68	55	72	60	76	65	65	51	65	67	62	64	63
Inventory levels	0	7	7	4	11	17	14	14	11	12	12	-1	9
Credit conditions/access to credit	-9	-3	-7	-2	-4	-1	-6	-2	-4	-4	-6	0	-5
Capital expenditures	6	18	23	27	12	13	3	-2	9	19	4	6	8
Input prices	50	63	65	64	63	58	74	71	72	72	58	60	66
Selling prices	37	42	46	39	44	42	36	34	42	56	44	47	50
Expected in Six Months (seasonally adjusted)													
Composite Index	14	6	11	9	16	12	17	12	14	13	12	9	11
General revenue/sales	25	8	11	11	24	15	23	14	20	10	14	10	21
Number of employees	7	10	18	14	13	14	14	11	15	20	12	8	-2
Employee hours worked	5	10	10	5	3	12	-3	9	5	17	0	5	11
Part-time/temporary employment	3	3	-4	-5	10	8	-1	1	-1	4	1	-7	-13
Wages and benefits	41	38	46	31	41	49	42	49	39	53	35	36	47
Inventory levels	-4	-3	2	-2	1	0	5	8	-5	8	5	6	7
Credit conditions/access to credit	-2	-2	-3	0	3	-5	-6	-1	2	0	-2	-1	-1
Capital expenditures	13	14	21	8	8	16	8	12	12	20	3	4	4
Input prices	45	45	49	39	46	58	63	58	71	60	55	52	63
Selling prices	27	28	19	13	26	35	37	36	43	40	26	39	35