

**FOR IMMEDIATE RELEASE**

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**Tenth District Services Activity Fell Slightly in October**  
*Federal Reserve Bank of Kansas City Releases October Services Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the October 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 fell slightly in October, while expectations for future services activity remained positive.

“Regional services activity continued to decline, but at a slower pace, with consumer services showing strength while business services posted declines,” said Cowley. “Over half of firms surveyed reported that AI has not affected their business strategy.”

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 fell slightly in October, and expectations for future services activity remained positive (Chart 1 & Table 1). Input prices eased slightly while selling prices growth accelerated from last month.

## Business Activity Fell Slightly in October

The month-over-month services composite index was -5 in October, up from -9 in September, and down from 4 in August (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in the health services and tourism sectors grew, while real estate services activity continued to decline. The month-over-month indexes were mixed. The monthly general revenue/sales index eased slightly at -5, along with the employment index –reading of -4. Year-over-year growth edged up from 3 to 8. This growth was driven more by consumer-oriented firms, as the consumer index increased from 6 to 20. The revenues index rose from 5 to 14, along with the employment index from 1 to 6. Capital expenditures continued to increase from 14 to 17. Expectations for future services activity remained positive, with expectations for employment increasing.

## Special Questions

This month, contacts were asked special questions about profit margins and AI usage. Over a third of firms (37%) reported their profit margins slightly decreased this year, 18% reported a significant decrease, 21% reported no change, 21% reported a slight increase, and 3% reported their profit margins this year significantly increased. In 2026, 36% of firms expect their profit margins will slightly decrease, 5% anticipate a significant decrease, 16% anticipate no change, 39% anticipate a slight increase, and 4% anticipate a significant increase (Chart 2). Over half of firms (55%) reported that AI has not affected their business strategy or plans, while 23% of firms expanded their existing use of AI since the beginning of 2025, 13% started using AI, and 9% have not incorporated AI but plan to in the future (Chart 3).

## Selected Services Comments

“Uncertainty about the next 12 to 18 month is high.”

“It appears that the hiring has softened. We have received far more qualified truck driver candidates compared to a year ago and we posted a staff position and receive over 100 applications within the first hour and much more than expected were qualified, i.e., degree with experience.”

“As a staffing company, we are noticing greater fluctuations in the level of job orders obtained from our clients. Thus, we are having to spend more time developing metrics to stay in business.”

“You post a job requirement - you will have 400 responses. Two years ago, you would be lucky to get 5.”

“For the last 9 days of October we were down 31% and the first 12 days of November are down 21%. That is the reason we have put a hiring freeze on. We are also making sure all employees get the minimum number of hours to pay their bills and do not plan on laying off anyone.”

**Table 1. Summary of Tenth District Services Conditions, October 2025**

|                                    | October vs. September<br>(percent)* |           |          |                         |                        | October vs. Year Ago<br>(percent)* |           |          |                         |          | Expected in Six Months<br>(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                     | -5                     |                                    |           |          | 8                       |          |                                      |          | 5                       | 3                      |  |
| Consumer Services                  |                                     |           |          |                         |                        |                                    |           |          | 20                      |          |                                      |          |                         |                        |  |
| Business Services                  |                                     |           |          |                         |                        |                                    |           |          | -15                     |          |                                      |          |                         |                        |  |
| General Revenue/Sales              | 24                                  | 39        | 37       | -13                     | -5                     | 50                                 | 14        | 36       | 14                      | 44       | 24                                   | 32       | 12                      | 9                      |  |
| Number of Employees                | 12                                  | 70        | 18       | -5                      | -4                     | 36                                 | 34        | 30       | 6                       | 31       | 41                                   | 28       | 4                       | 2                      |  |
| Employee Hours Worked              | 11                                  | 70        | 18       | -7                      | -3                     | 24                                 | 50        | 26       | -2                      | 19       | 58                                   | 23       | -4                      | -8                     |  |
| Part-Time/Temporary Employment     | 11                                  | 80        | 10       | 1                       | 6                      | 12                                 | 72        | 17       | -5                      | 8        | 76                                   | 16       | -8                      | -7                     |  |
| Wages and Benefits                 | 23                                  | 72        | 5        | 18                      | 21                     | 76                                 | 17        | 7        | 69                      | 58       | 36                                   | 6        | 51                      | 49                     |  |
| Inventory Levels                   | 14                                  | 63        | 23       | -8                      | -4                     | 22                                 | 55        | 24       | -2                      | 15       | 58                                   | 27       | -13                     | -11                    |  |
| Credit Conditions/Access to Credit | 4                                   | 89        | 7        | -4                      | -2                     | 11                                 | 76        | 13       | -3                      | 5        | 86                                   | 9        | -4                      | -1                     |  |
| Capital Expenditures               | 27                                  | 60        | 13       | 13                      | 14                     | 37                                 | 43        | 20       | 17                      | 34       | 46                                   | 20       | 14                      | 14                     |  |
| Input Prices                       | 43                                  | 52        | 5        | 39                      | 35                     | 75                                 | 14        | 11       | 65                      | 64       | 31                                   | 5        | 60                      | 55                     |  |
| Selling Prices                     | 27                                  | 66        | 7        | 19                      | 21                     | 60                                 | 23        | 17       | 43                      | 44       | 46                                   | 11       | 33                      | 29                     |  |

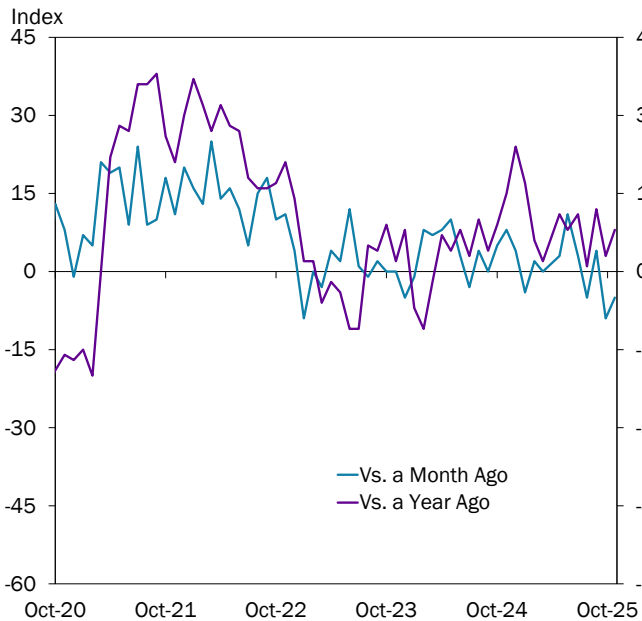
\*Percentage may not add to 100 due to rounding.

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

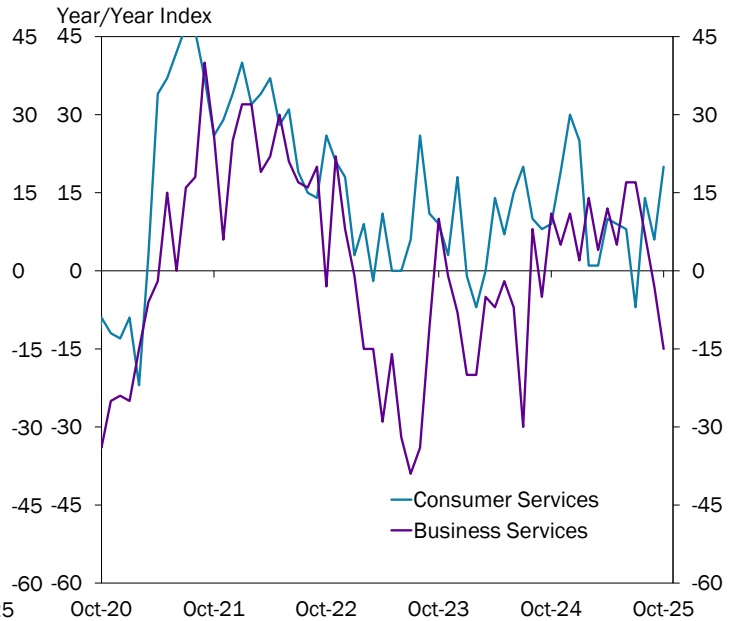
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The October survey was open for a six-day period from October 15-20, 2025 and included 114 responses (74 consumer and 39 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

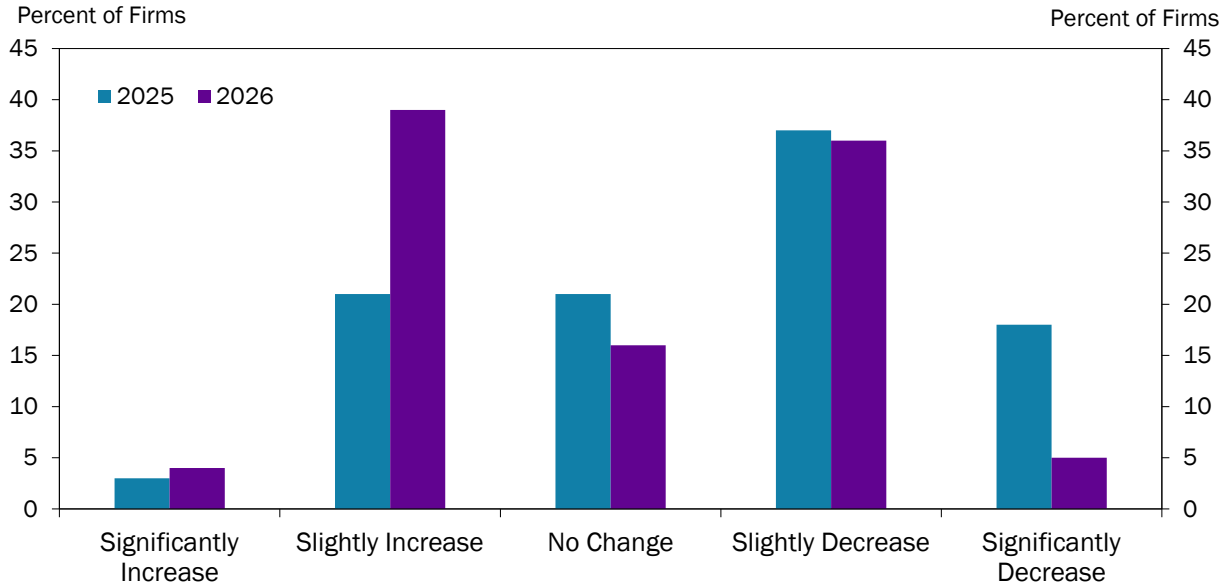
**Chart 1. Services Composite Indexes**



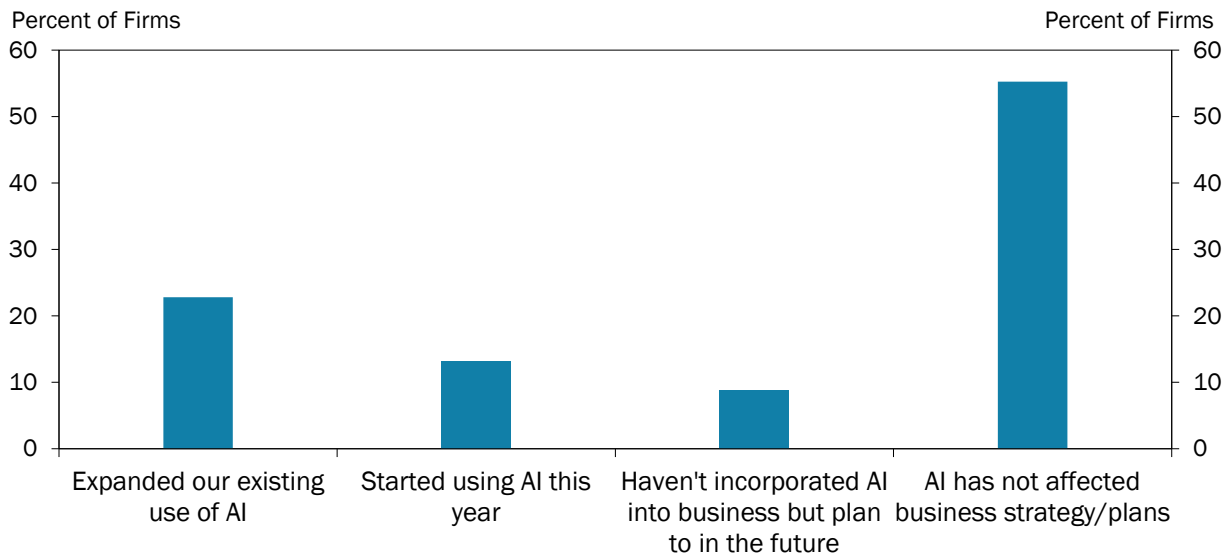
**Chart 2. Composite Indexes vs. a Year Ago by Sector**



**Chart 2. Special Question: How did profit margins change for your firm this year and how do you expect profit margins will change for your firm in 2026?**



**Chart 3. Special Question: Please select the option below that best describes developments in your company's use of artificial intelligence (AI) since the beginning of 2025.**



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

|  | Oct'24 | Nov'24 | Dec'24 | Jan'25 | Feb'25 | Mar'25 | Apr'25 | May'25 | Jun'25 | Jul'25 | Aug'25 | Sep'25 | Oct'25 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Versus a Month Ago</b><br>(seasonally adjusted)     |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Composite Index  | 5      | 8      | 4      | -4     | 2      | 0      | 3      | 11     | 3      | -5     | 4      | -9     | -5     |
| General Revenue/Sales                                  | 7      | 12     | 5      | -8     | -1     | 4      | 4      | 14     | 2      | -8     | 5      | -13    | -5     |
| Number of Employees                                    | 4      | 5      | 3      | -1     | 3      | -5     | 2      | 10     | 6      | -6     | 2      | -12    | -4     |
| Employee Hours Worked                                  | 6      | 5      | 5      | -1     | -4     | -10    | 2      | 9      | 3      | -6     | -1     | -12    | -3     |
| Part-Time/Temporary Employment                         | 0      | -1     | 1      | -3     | -3     | -8     | -9     | 2      | 2      | -15    | -11    | -10    | 6      |
| Wages and Benefits                                     | 32     | 21     | 20     | 20     | 12     | 15     | 22     | 30     | 25     | 19     | 21     | 16     | 21     |
| Inventory Levels                                       | 3      | 3      | 2      | 4      | 9      | -2     | 4      | 3      | -1     | 2      | 6      | 4      | -4     |
| Credit Conditions/Access to Credit                     | -2     | -1     | -3     | -7     | -10    | -5     | -2     | -4     | 0      | -4     | -3     | -2     | -2     |
| Capital Expenditures                                   | 23     | 12     | 16     | 19     | 2      | 15     | 15     | 17     | 6      | 10     | 5      | 7      | 14     |
| Input Prices   | 26     | 26     | 25     | 34     | 40     | 41     | 49     | 43     | 39     | 34     | 45     | 38     | 35     |
| Selling Prices   | 9      | 7      | 9      | 14     | 15     | 8      | 16     | 18     | 16     | 17     | 15     | 10     | 21     |
| <b>Versus a Year Ago</b><br>(not seasonally adjusted)  |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Composite Index  | 9      | 15     | 24     | 17     | 6      | 2      | 11     | 8      | 11     | 1      | 12     | 3      | 8      |
| <i>Consumer Services</i>                               | 9      | 19     | 30     | 25     | 1      | 1      | 10     | 9      | 8      | -7     | 14     | 6      | 20     |
| <i>Business Services</i>                               | 11     | 5      | 11     | 2      | 14     | 4      | 12     | 5      | 17     | 17     | 7      | -3     | -15    |
| General revenue/sales                                  | 8      | 23     | 33     | 17     | -2     | 1      | 14     | 9      | 7      | -2     | 16     | 5      | 14     |
| Number of employees                                    | 12     | 8      | 16     | 17     | 13     | -5     | 6      | 3      | 17     | 6      | 8      | 1      | 6      |
| Employee hours worked                                  | 6      | 6      | 8      | 11     | -2     | -8     | 1      | -2     | 2      | 2      | 5      | -12    | -2     |
| Part-time/temporary employment                         | -9     | -4     | 6      | 9      | 1      | -1     | -3     | 9      | 8      | -6     | -12    | -6     | -5     |
| Wages and benefits                                     | 72     | 60     | 76     | 65     | 65     | 51     | 65     | 67     | 62     | 64     | 63     | 58     | 69     |
| Inventory levels                                       | 7      | 4      | 11     | 17     | 14     | 14     | 11     | 12     | 12     | -1     | 9      | 0      | -2     |
| Credit conditions/access to credit                     | -7     | -2     | -4     | -1     | -6     | -2     | -4     | -4     | -6     | 0      | -5     | 1      | -3     |
| Capital expenditures                                   | 23     | 27     | 12     | 13     | 3      | -2     | 9      | 19     | 4      | 6      | 8      | 14     | 17     |
| Input prices   | 65     | 64     | 63     | 58     | 74     | 71     | 72     | 72     | 58     | 60     | 66     | 64     | 65     |
| Selling prices   | 46     | 39     | 44     | 42     | 36     | 34     | 42     | 56     | 44     | 47     | 50     | 35     | 43     |
| <b>Expected in Six Months</b><br>(seasonally adjusted) |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Composite Index  | 11     | 9      | 16     | 12     | 17     | 12     | 14     | 13     | 12     | 9      | 11     | 5      | 3      |
| General revenue/sales                                  | 11     | 11     | 24     | 15     | 23     | 14     | 20     | 10     | 14     | 10     | 21     | 12     | 9      |
| Number of employees                                    | 18     | 14     | 13     | 14     | 14     | 11     | 15     | 20     | 12     | 8      | -2     | -5     | 2      |
| Employee hours worked                                  | 10     | 5      | 3      | 12     | -3     | 9      | 5      | 17     | 0      | 5      | 11     | -3     | -8     |
| Part-time/temporary employment                         | -4     | -5     | 10     | 8      | -1     | 1      | -1     | 4      | 1      | -7     | -13    | -4     | -7     |
| Wages and benefits                                     | 46     | 31     | 41     | 49     | 42     | 49     | 39     | 53     | 35     | 36     | 47     | 37     | 49     |
| Inventory levels                                       | 2      | -2     | 1      | 0      | 5      | 8      | -5     | 8      | 5      | 6      | 7      | 1      | -11    |
| Credit conditions/access to credit                     | -3     | 0      | 3      | -5     | -6     | -1     | 2      | 0      | -2     | -1     | -1     | -1     | -1     |
| Capital expenditures                                   | 21     | 8      | 8      | 16     | 8      | 12     | 12     | 20     | 3      | 4      | 4      | 3      | 14     |
| Input prices   | 49     | 39     | 46     | 58     | 63     | 58     | 71     | 60     | 55     | 52     | 63     | 49     | 55     |
| Selling prices   | 19     | 13     | 26     | 35     | 37     | 36     | 43     | 40     | 26     | 39     | 35     | 21     | 29     |