

FOR IMMEDIATE RELEASE

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Tenth District Services Activity Grew Slightly in December
Federal Reserve Bank of Kansas City Releases December Services Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the December 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 grew slightly in December, and expectations for future services activity increased moderately.

“Regional services activity increased slightly in December, as sales and revenues rebounded,” said Cowley. “Employment levels continued to decline, but firms expect growth in the next six months.”

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 grew slightly in December, and expectations for future services activity increased moderately (Chart 1 & Table 1). Input price growth ticked up slightly, while growth in selling prices cooled from last month.

Business Activity Grew Slightly in December

The month-over-month services composite index was 3 in December, up from -7 in November, and -5 in October (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in the auto services, health services, and transportation sectors increased modestly, while information services activity fell. Most month-over-month indexes were positive except for credit conditions and employment. The monthly general revenue/sales index increased from -4 to 7, while the employment index increased from last month but stayed negative at -6. The year-over-year composite index decreased from 6 to -1, driven by cooling in the consumer services sector. The capital expenditures index increased from 5 to 9. Expectations for future services activity increased moderately, particularly for employment and general revenue/sales.

Special Questions

This month, contacts were asked special questions about employee turnover, productivity, and capital expenditures. Approximately half of firms (51%) reported no change in employee turnover over the past year, while 19% reported an increase and 30% reported a decrease. A third of firms reported average productivity increased, while 14% reported a decrease and 56% reported no change (Chart 2). Firms also reported expectations for capital expenditures in 2026, with 38% expecting them to be significantly higher, 13% expecting slightly higher, 21% expecting no change, 17% expecting slightly lower, and 11% expecting significantly lower capital expenditures (Chart 3).

Selected Services Comments

“Our focus is do more with less - use AI and push efficiency - no more new investments - sell what we have.”

“We need to build new facilities, but we are waiting on lower prices.”

“Too much uncertainty.”

“Still hearing from consumers that they are very strained and have lots of uncertainty.”

“Uncertainty has never been higher from our customer's perspective.”

“We have seen a tremendous lack of retail traffic. People are not "recreationally" shopping, they come in with an intention to buy something relatively specific & are not adding on items.”

“Economic uncertainty and lack of company-owned investment resources are slowing new product development.”

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

Plant Level Indicators	December vs. November (percent)*				December vs. Year Ago (percent)*				Expected in Six Months (percent)*					
	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{*^}	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{*^}	Increase	No Change	Decrease	Diff Index [^]
		Index	Index	Index			Index	Index	Index			Index	Index	
Composite Index				-8	3				-1				19	13
Consumer Services									-2					
Business Services									1					
General Revenue/Sales	25	37	37	-12	7	42	16	42	0	50	27	23	28	24
Number of Employees	13	65	22	-9	-6	27	38	36	-9	32	51	17	16	5
Employee Hours Worked	9	61	30	-21	-10	19	54	28	-9	31	55	14	18	10
Part-Time/Temporary Employment	9	80	11	-3	0	15	68	17	-2	13	72	15	-2	-2
Wages and Benefits	21	69	9	12	13	75	16	9	66	57	34	8	49	45
Inventory Levels	24	54	22	2	8	33	42	25	9	26	51	23	3	-3
Credit Conditions/Access to Credit	7	86	7	-1	-1	16	72	12	4	12	79	9	3	0
Capital Expenditures	20	70	10	9	9	35	39	26	9	31	54	15	17	12
Input Prices	42	50	9	33	34	74	14	12	61	65	24	11	53	50
Selling Prices	20	67	13	7	10	55	24	21	33	46	41	13	33	28

*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 December survey was open for a six-day period from December 10-15, 2025 and included 109 responses (76 consumer and 32 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

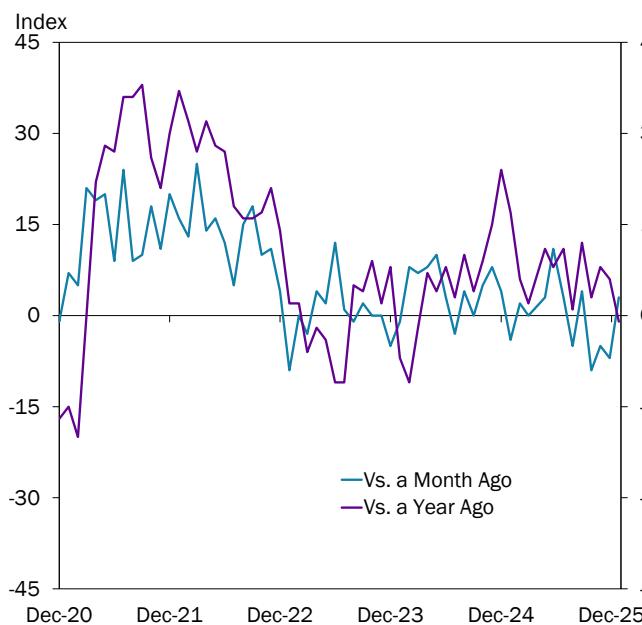


Chart 2. Composite Indexes vs. a Year Ago by Sector

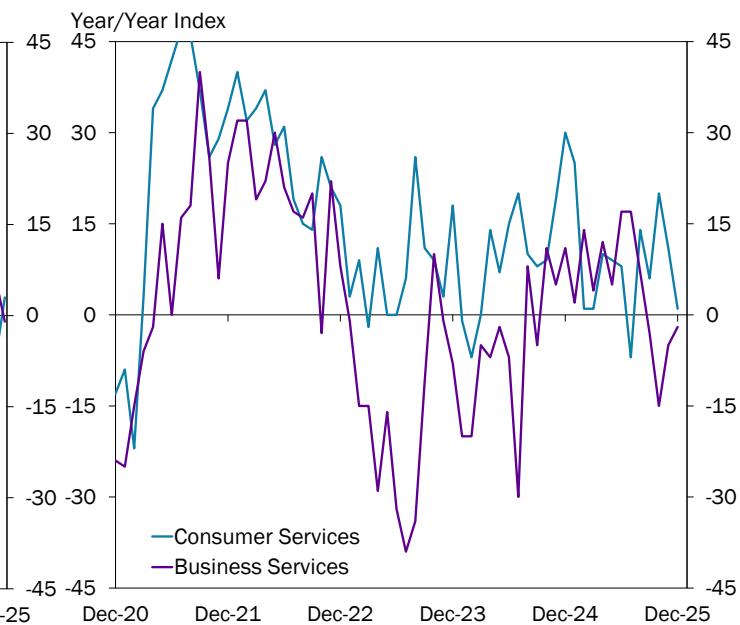


Chart 2. Special Question: How has employee turnover and average employee productivity changed at your firm over the past year?

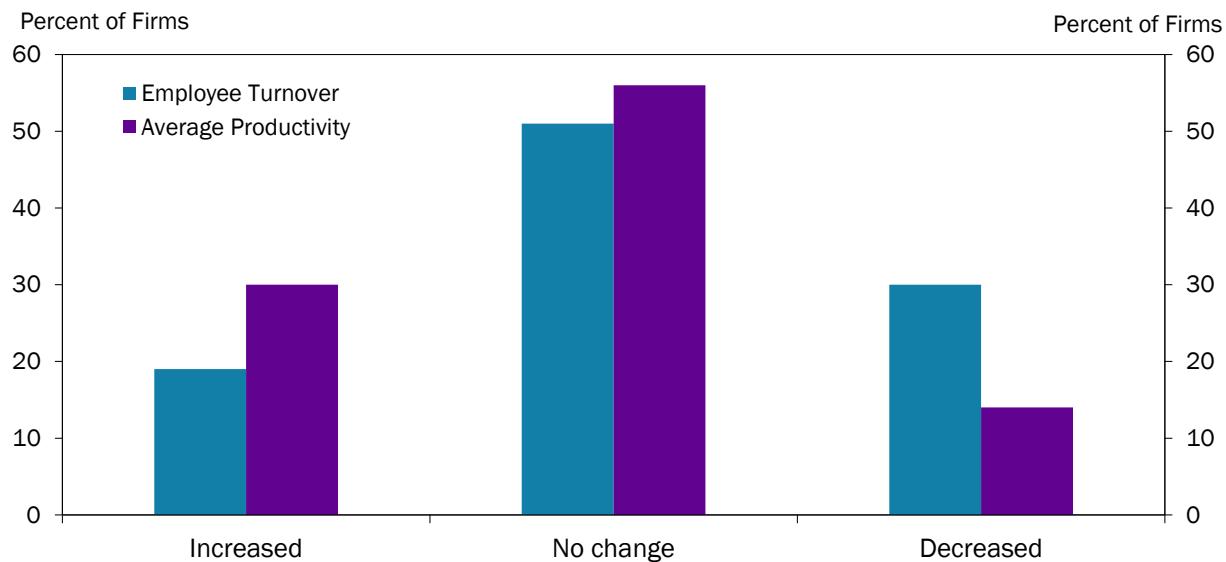


Chart 3. Special Question: What are your firm's expectations for capital expenditures in 2026 compared to last year?

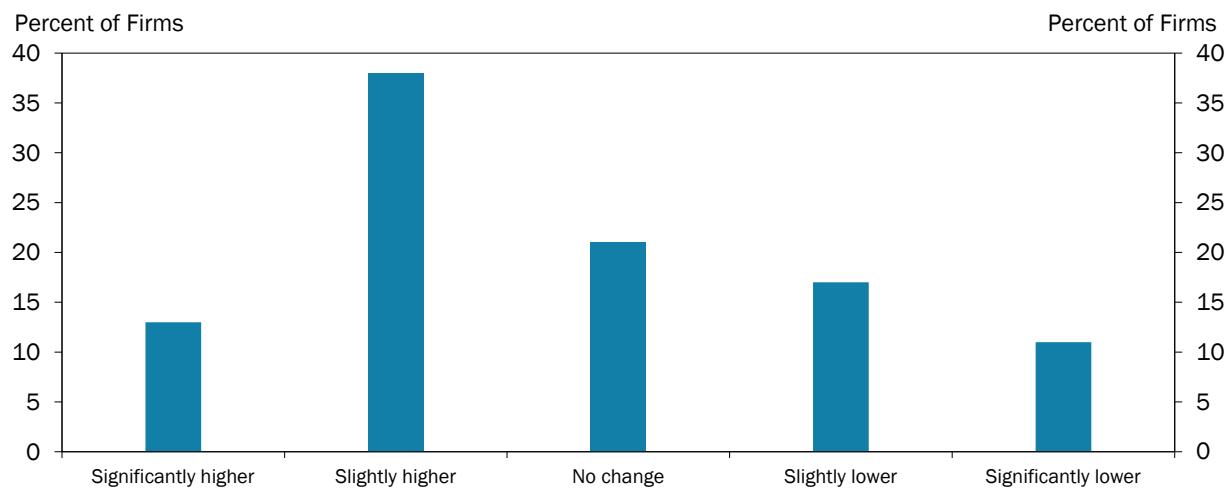


Table 2
Historical Services Survey Indexes

	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25
Versus a Month Ago (seasonally adjusted)													
Composite Index	4	-4	2	0	3	11	3	-5	4	-9	-5	-7	3
General Revenue/Sales	5	-8	-1	4	4	14	2	-8	5	-13	-5	-4	7
Number of Employees	3	-1	3	-5	2	10	6	-6	2	-12	-4	-16	-6
Employee Hours Worked	5	-1	-4	-10	2	9	3	-6	-1	-12	-3	-10	-10
Part-Time/Temporary Employment	1	-3	-3	-8	-9	2	2	-15	-11	-10	6	-3	0
Wages and Benefits	20	20	12	15	22	30	25	19	21	16	21	24	13
Inventory Levels	2	4	9	-2	4	3	-1	2	6	4	-4	-2	8
Credit Conditions/Access to Credit	-3	-7	-10	-5	-2	-4	0	-4	-3	-2	-2	-6	-1
Capital Expenditures	16	19	2	15	15	17	6	10	5	7	14	-5	9
Input Prices	25	34	40	41	49	43	39	34	45	38	35	32	34
Selling Prices	9	14	15	8	16	18	16	17	15	10	21	14	10
Versus a Year Ago (not seasonally adjusted)													
Composite Index	24	17	6	2	11	8	11	1	12	3	8	6	-1
<i>Consumer Services</i>	30	25	1	1	10	9	8	-7	14	6	20	11	1
<i>Business Services</i>	11	2	14	4	12	5	17	17	7	-3	-15	-5	-2
General revenue/sales	33	17	-2	1	14	9	7	-2	16	5	14	8	0
Number of employees	16	17	13	-5	6	3	17	6	8	1	6	-1	-9
Employee hours worked	8	11	-2	-8	1	-2	2	2	5	-12	-2	-11	-9
Part-time/temporary employment	6	9	1	-1	-3	9	8	-6	-12	-6	-5	-14	-2
Wages and benefits	76	65	65	51	65	67	62	64	63	58	69	66	66
Inventory levels	11	17	14	14	11	12	12	-1	9	0	-2	9	9
Credit conditions/access to credit	-4	-1	-6	-2	-4	-4	-6	0	-5	1	-3	3	4
Capital expenditures	12	13	3	-2	9	19	4	6	8	14	17	5	9
Input prices	63	58	74	71	72	72	58	60	66	64	65	59	61
Selling prices	44	42	36	34	42	56	44	47	50	35	43	35	33
Expected in Six Months (seasonally adjusted)													
Composite Index	16	12	17	12	14	13	12	9	11	5	3	-1	13
General revenue/sales	24	15	23	14	20	10	14	10	21	12	9	4	24
Number of employees	13	14	14	11	15	20	12	8	-2	-5	2	-7	5
Employee hours worked	3	12	-3	9	5	17	0	5	11	-3	-8	-14	10
Part-time/temporary employment	10	8	-1	1	-1	4	1	-7	-13	-4	-7	-13	-2
Wages and benefits	41	49	42	49	39	53	35	36	47	37	49	44	45
Inventory levels	1	0	5	8	-5	8	5	6	7	1	-11	-5	-3
Credit conditions/access to credit	3	-5	-6	-1	2	0	-2	-1	-1	-1	-1	-3	0
Capital expenditures	8	16	8	12	12	20	3	4	4	3	14	-2	12
Input prices	46	58	63	58	71	60	55	52	63	49	55	45	50
Selling prices	26	35	37	36	43	40	26	39	35	21	29	18	28