

FOR IMMEDIATE RELEASE

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Tenth District Services Activity Rose Modestly in January
Federal Reserve Bank of Kansas City Releases January Services Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the January 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 modestly in January, and expectations for future services activity edged higher.

“Regional services activity increased modestly in January, while employment continued to decline slightly,” said Cowley. “Annual services activity growth picked up for both consumer and business services.”

A summary of the January survey is below. The January survey incorporates new seasonal adjustment factors using Census X-13 ARIMA-SEATS, so historical indexes differ slightly from previously released numbers. The new seasonal factors will be used throughout 2026. 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.

The views expressed are those of the authors and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

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TENTH DISTRICT SERVICES SUMMARY

Tenth District services activity rose modestly in January, and expectations for future services activity edged higher (Chart 1 & Table 1). Selling prices accelerated from last month, while input price growth remained steady.

Business Activity Rose Modestly in January

The month-over-month services composite index was 2 in January, up from 1 in December, and -6 in November (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Growth in the consumer sector was primarily driven by tourism activity. Business activity growth eased, with declines in real estate services. Most month-over-month indexes were positive, and almost all readings were higher than last month. The monthly general revenue/sales index increased from 3 to 4, along with wages and benefits from 14 to 24. However, all three employment indexes continued to fall. The year-over-year composite index increased from -1 to 19, and the revenues/sales index rose sharply from 0 to 36. Annual growth picked up for both the consumer and business sectors (Chart 2). Expectations for future services activity increased, as firms expect growth in sales in the next six months.

Special Questions

This month, contacts were asked special questions about labor demand and factors negatively impacting business. Most firms (61%) reported there were little to no changes in labor demand in the past year, while 7% shifted demand towards different roles, 11% reduced labor demand, 17% of firms increased overall labor demand, and 4% of firms are still evaluating impacts (Chart 2). Firms were also asked about concerns they have in 2026. Over a third (36%) of firms reported they are concerned about domestic demand for goods/services negatively impacting their business, 7% reported they are concerned about availability of inputs, 6% reported they are concerned about credit access, and 4% are concerned about the borrowing rate. A quarter of firms reported they are concerned about worker availability, 20% are concerned about geopolitical uncertainty, and 2% are concerned about the tax rate (Chart 3).

Selected Services Comments

“Availability of inputs will constrain us a bit in 2026, but the fact we are still struggling to find enough skilled technical workers will balance it out.”

“Uncertainly is the only "certain" theme.”

“Business has slowed.”

“More positive outlook trend.”

“It's still rough.”

“Labor supply will be a large hurdle in 2026.”

“I think the public is very nervous right now. When people get nervous, they quit spending money.”

“Planning is very difficult.”

Table 1. Summary of Tenth District Services Conditions, January 2026

| | January vs. December (percent)* | | | | | January vs. Year Ago (percent)* | | | | Expected in Six Months (percent)* | | | | |
|------------------------------------|------------------------------------|--------------|----------|----------------------------|---------------------------|------------------------------------|--------------|----------|----------------------------|--------------------------------------|--------------|----------|----------------------------|---------------------------|
| | Increase | No Change | Decrease | Diff Index [^] | SA Index ^{^^} | Increase | No Change | Decrease | Diff Index [^] | Increase | No Change | Decrease | Diff Index [^] | SA Index ^{^^} |
| Plant Level Indicators | | | | | | | | | | | | | | |
| Composite Index | | | | -6 | 2 | | | | 19 | | | | 20 | 15 |
| Consumer Services | | | | | | | | | 22 | | | | | |
| Business Services | | | | | | | | | 10 | | | | | |
| General Revenue/Sales | 29 | 35 | 37 | -8 | 4 | 58 | 19 | 23 | 36 | 52 | 29 | 19 | 33 | 30 |
| Number of Employees | 12 | 65 | 23 | -10 | -3 | 28 | 41 | 31 | -3 | 26 | 51 | 23 | 4 | -3 |
| Employee Hours Worked | 13 | 58 | 29 | -16 | -7 | 22 | 56 | 23 | -1 | 24 | 56 | 21 | 3 | -1 |
| Part-Time/Temporary Employment | 6 | 84 | 11 | -5 | -4 | 8 | 75 | 17 | -10 | 13 | 71 | 16 | -4 | -8 |
| Wages and Benefits | 36 | 57 | 8 | 28 | 24 | 74 | 19 | 8 | 66 | 47 | 45 | 8 | 40 | 38 |
| Inventory Levels | 22 | 58 | 19 | 3 | 3 | 28 | 51 | 20 | 8 | 30 | 51 | 18 | 12 | 6 |
| Credit Conditions/Access to Credit | 8 | 86 | 7 | 1 | -1 | 11 | 81 | 9 | 2 | 7 | 83 | 10 | -3 | -3 |
| Capital Expenditures | 26 | 62 | 11 | 15 | 18 | 34 | 41 | 25 | 8 | 32 | 49 | 19 | 13 | 14 |
| Input Prices | 43 | 51 | 6 | 37 | 39 | 71 | 21 | 8 | 63 | 58 | 34 | 8 | 50 | 51 |
| Selling Prices | 30 | 56 | 13 | 17 | 21 | 64 | 19 | 17 | 47 | 51 | 33 | 15 | 36 | 41 |

*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 January survey was open for a seven-day period from January 14-20, 2026 and included 106 responses (75 consumer and 30 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

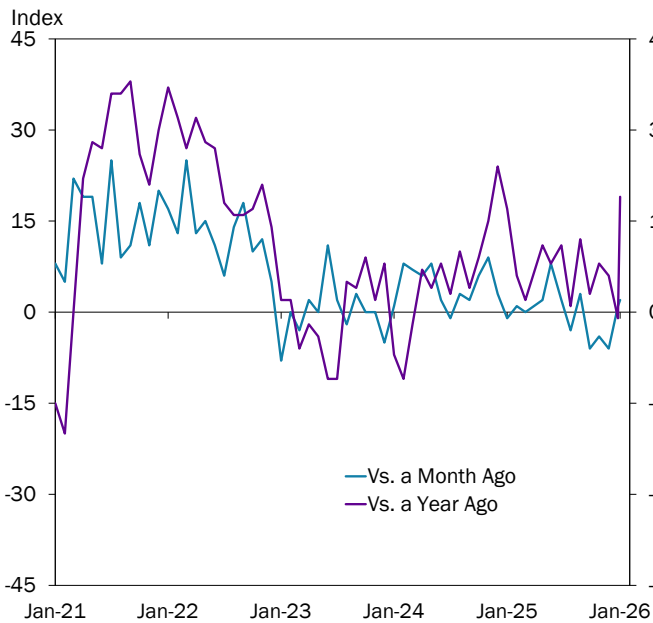


Chart 2. Composite Indexes vs. a Year Ago by Sector

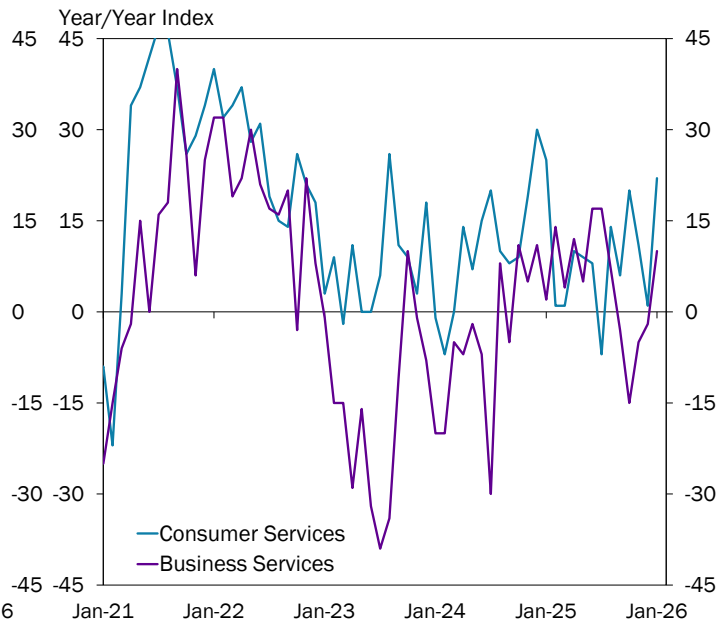


Chart 2. Special Question: Over the past year, how has your firm's demand for labor changed due to structural factors (not short-term economic conditions)?

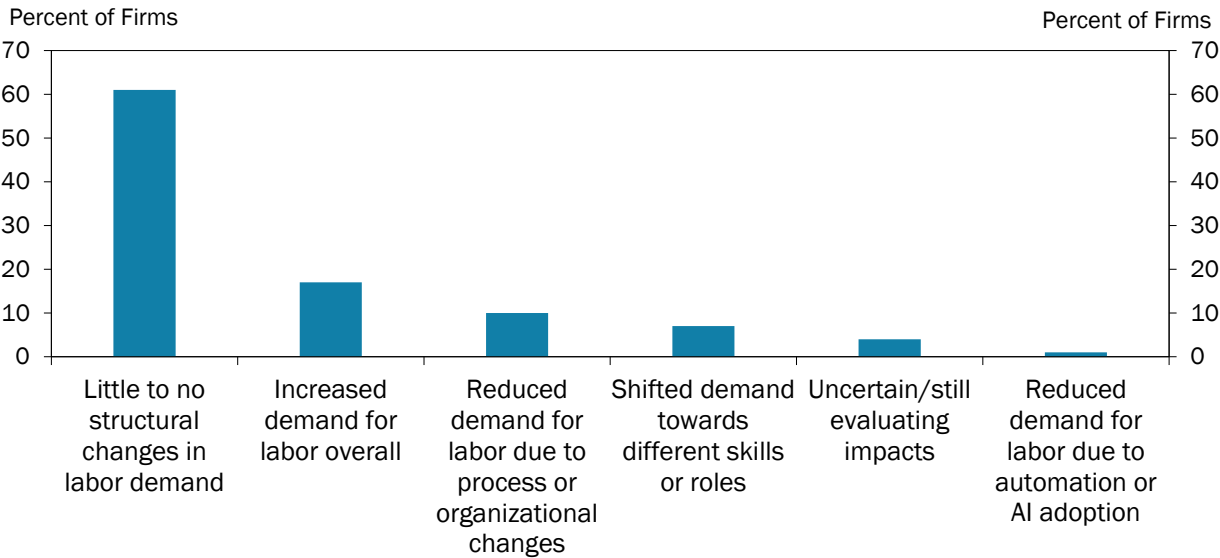


Chart 3. Special Question: Thinking about 2026, how concerned are you about the following negatively impacting your business?

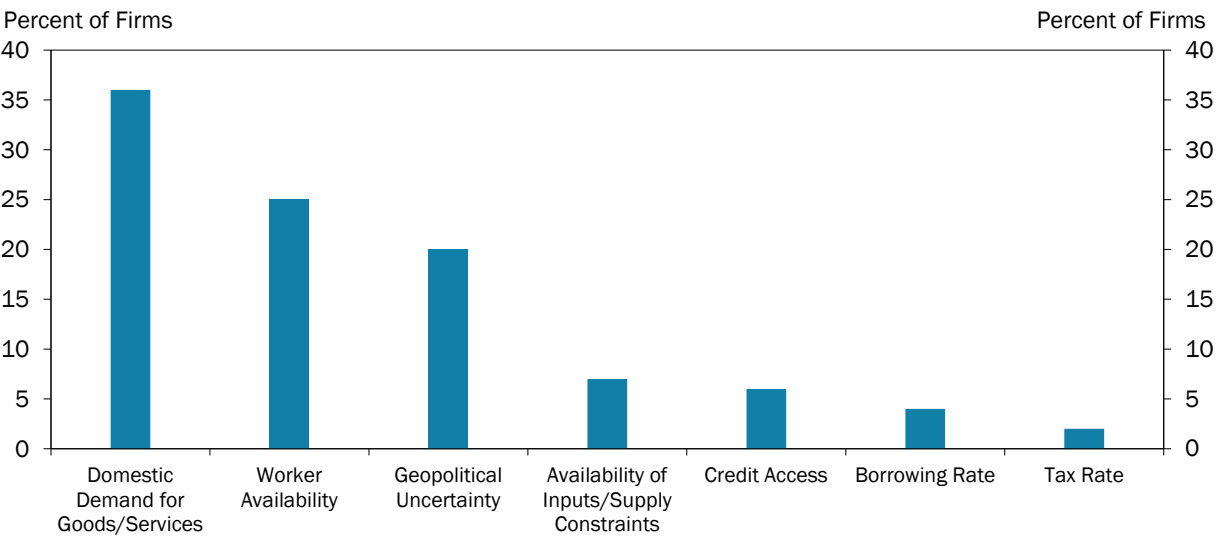


Table 2
Historical Services Survey Indexes

| | Jan'25 | Feb'25 | Mar'25 | Apr'25 | May'25 | Jun'25 | Jul'25 | Aug'25 | Sep'25 | Oct'25 | Nov'25 | Dec'25 | Jan'26 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Versus a Month Ago (seasonally adjusted) | | | | | | | | | | | | | |
| Composite Index | -1 | 1 | 0 | 2 | 8 | 2 | -3 | 3 | -6 | -4 | -6 | 1 | 2 |
| General Revenue/Sales | -4 | -2 | 3 | 2 | 10 | 2 | -5 | 3 | -8 | -4 | -3 | 3 | 4 |
| Number of Employees | 0 | 2 | -5 | 1 | 7 | 4 | -3 | 1 | -10 | -4 | -14 | -5 | -3 |
| Employee Hours Worked | 0 | -4 | -9 | 0 | 8 | 1 | -4 | -1 | -10 | -4 | -9 | -10 | -7 |
| Part-Time/Temporary Employment | -4 | -4 | -7 | -8 | 0 | 2 | -13 | -10 | -9 | 6 | -4 | -1 | -4 |
| Wages and Benefits | 20 | 14 | 16 | 21 | 27 | 24 | 19 | 21 | 17 | 20 | 24 | 14 | 24 |
| Inventory Levels | 3 | 7 | -1 | 2 | 2 | 0 | 2 | 6 | 4 | -2 | -1 | 7 | 3 |
| Credit Conditions/Access to Credit | -7 | -8 | -4 | -3 | -4 | -1 | -4 | -3 | -2 | -3 | -4 | -2 | -1 |
| Capital Expenditures | 17 | 4 | 14 | 14 | 16 | 7 | 11 | 6 | 8 | 11 | -3 | 9 | 18 |
| Input Prices | 34 | 38 | 40 | 46 | 42 | 39 | 35 | 43 | 38 | 36 | 33 | 38 | 39 |
| Selling Prices | 13 | 15 | 12 | 15 | 17 | 16 | 16 | 15 | 11 | 19 | 14 | 11 | 21 |
| Versus a Year Ago (not seasonally adjusted) | | | | | | | | | | | | | |
| Composite Index | 17 | 6 | 2 | 11 | 8 | 11 | 1 | 12 | 3 | 8 | 6 | -1 | 19 |
| <i>Consumer Services</i> | 25 | 1 | 1 | 10 | 9 | 8 | -7 | 14 | 6 | 20 | 11 | 1 | 22 |
| <i>Business Services</i> | 2 | 14 | 4 | 12 | 5 | 17 | 17 | 7 | -3 | -15 | -5 | -2 | 10 |
| General revenue/sales | 17 | -2 | 1 | 14 | 9 | 7 | -2 | 16 | 5 | 14 | 8 | 0 | 36 |
| Number of employees | 17 | 13 | -5 | 6 | 3 | 17 | 6 | 8 | 1 | 6 | -1 | -9 | -3 |
| Employee hours worked | 11 | -2 | -8 | 1 | -2 | 2 | 2 | 5 | -12 | -2 | -11 | -9 | -1 |
| Part-time/temporary employment | 9 | 1 | -1 | -3 | 9 | 8 | -6 | -12 | -6 | -5 | -14 | -2 | -10 |
| Wages and benefits | 65 | 65 | 51 | 65 | 67 | 62 | 64 | 63 | 58 | 69 | 66 | 66 | 66 |
| Inventory levels | 17 | 14 | 14 | 11 | 12 | 12 | -1 | 9 | 0 | -2 | 9 | 9 | 8 |
| Credit conditions/access to credit | -1 | -6 | -2 | -4 | -4 | -6 | 0 | -5 | 1 | -3 | 3 | 4 | 2 |
| Capital expenditures | 13 | 3 | -2 | 9 | 19 | 4 | 6 | 8 | 14 | 17 | 5 | 9 | 8 |
| Input prices | 58 | 74 | 71 | 72 | 72 | 58 | 60 | 66 | 64 | 65 | 59 | 61 | 63 |
| Selling prices | 42 | 36 | 34 | 42 | 56 | 44 | 47 | 50 | 35 | 43 | 35 | 33 | 47 |
| Expected in Six Months (seasonally adjusted) | | | | | | | | | | | | | |
| Composite Index | 13 | 15 | 12 | 14 | 12 | 11 | 9 | 10 | 6 | 3 | 2 | 11 | 15 |
| General revenue/sales | 16 | 21 | 15 | 20 | 12 | 14 | 11 | 17 | 13 | 10 | 7 | 20 | 30 |
| Number of employees | 15 | 13 | 10 | 13 | 17 | 11 | 8 | 0 | -3 | 2 | -4 | 6 | -3 |
| Employee hours worked | 10 | -1 | 7 | 6 | 15 | 0 | 4 | 9 | -3 | -6 | -12 | 12 | -1 |
| Part-time/temporary employment | 6 | 0 | 0 | -1 | 2 | 0 | -6 | -12 | -4 | -6 | -10 | -4 | -8 |
| Wages and benefits | 48 | 44 | 49 | 40 | 51 | 37 | 38 | 47 | 38 | 45 | 42 | 44 | 38 |
| Inventory levels | 1 | 4 | 5 | -1 | 6 | 3 | 5 | 5 | 1 | -11 | -3 | -2 | 6 |
| Credit conditions/access to credit | -5 | -5 | -1 | 1 | -1 | -2 | -1 | -1 | -1 | -1 | -3 | 0 | -3 |
| Capital expenditures | 15 | 9 | 11 | 11 | 17 | 5 | 5 | 5 | 4 | 9 | 1 | 14 | 14 |
| Input prices | 57 | 60 | 58 | 68 | 60 | 55 | 54 | 62 | 51 | 54 | 48 | 53 | 51 |
| Selling prices | 34 | 36 | 34 | 40 | 38 | 26 | 38 | 34 | 28 | 30 | 21 | 30 | 41 |