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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 Courtney 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.”

“Uncertainty 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

Plant Level Indicators	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 [^]	SA Index ^{*^}	Increase	No Change	Decrease	Diff Index [^]
		Index	Index	Index			Index	Index	Index			Index	Index	Index
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

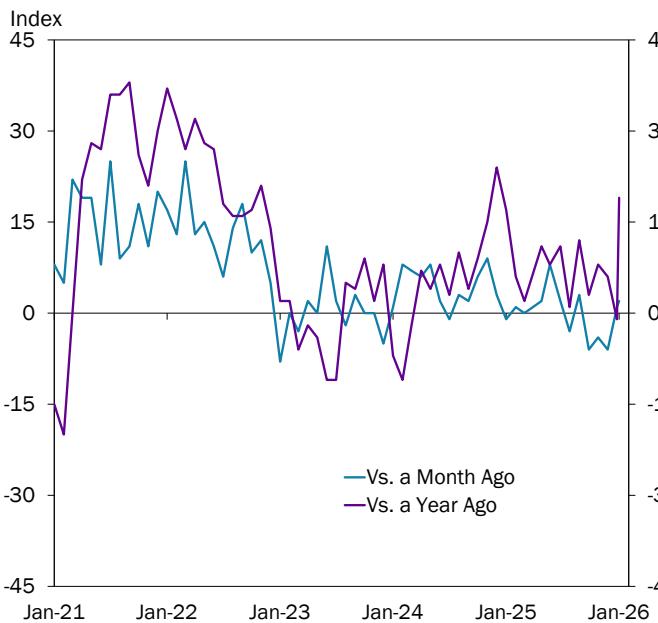


Chart 2. Composite Indexes vs. a Year Ago by Sector

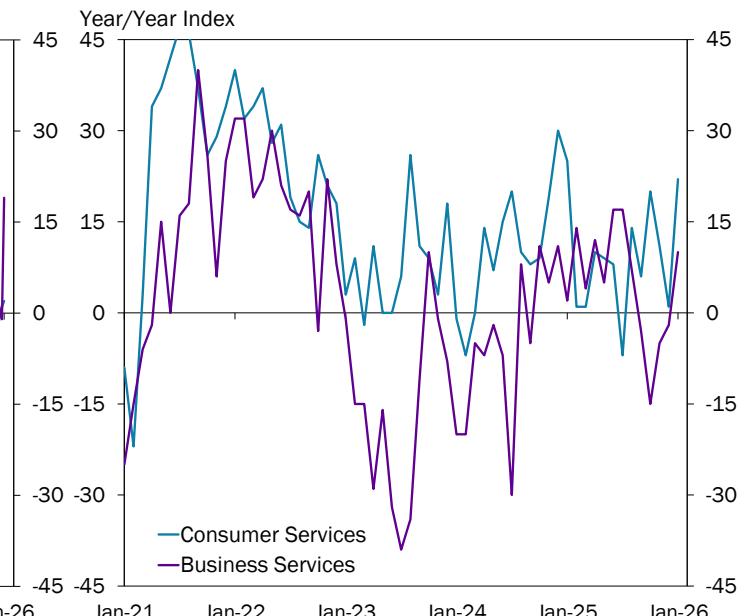


Chart 2. Special Question: Over the past year, how has your firm's demand for labor changed due to structural factors (not short-term economic conditions)?

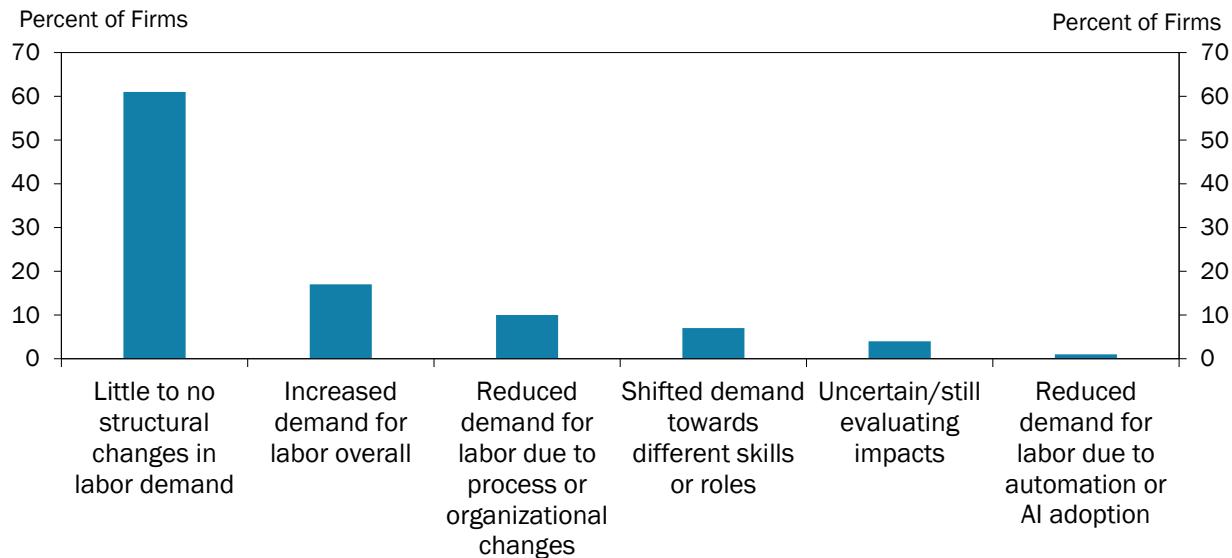


Chart 3. Special Question: Thinking about 2026, how concerned are you about the following negatively impacting your business?

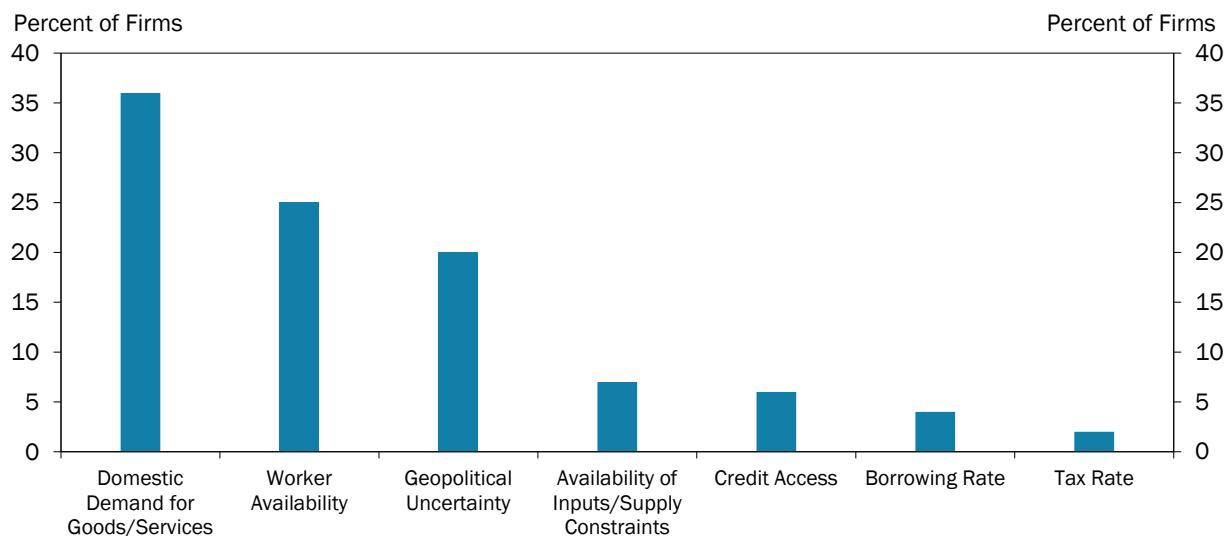


Table 2
Historical Services Survey Indexes

	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