FEDERAL RESERVE BANK OF KANSAS CITY
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News Release

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Tenth District Services Activity Increased Further in February
Federal Reserve Bank of Kansas City Releases February Services Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the February 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 increased further in February, and expectations for future services activity remained expansionary.

“Regional services activity continued to rise in February, as revenue growth reached its highest reading since June 2023,” said Cowley. “Employment levels fell further, but firms do not anticipate declines 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 increased further in February, and expectations for future services activity remained positive (Chart 1 & Table 1). Input and selling price growth eased from last month and from this time last year.

Business Activity Increased Further in February

The month-over-month services composite index was 6 in February, up from 2 in January, and 1 in December (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in the auto services and information services sectors fell, while the tourism sector grew moderately. Most month-over-month indexes were positive except for employment, which declined from –3 to -5. The monthly general revenue/sales index grew further from 7 to 15, its highest reading since June 2023. The year-over-year composite index decreased slightly from 19 to 11, as growth in consumer services eased, and the capital expenditures index fell from 8 to 2. Expectations for future activity in the services sector remained expansionary, but expectations for revenue growth cooled somewhat from last month.

Special Questions

This month, contacts were asked special questions about price pass through abilities and price changes. Almost half of firms (45%) responded that they are currently able to pass through 0-20% of higher costs from inputs and labor, 9% of firms are able to pass through 20-40%, 13% are able to pass through 40-60%, 4% can pass through 60-80%, 20% can pass through 80-100%, and 1% of firms had to decrease prices. One-fifth of firms responded that they will be able to pass through 80-100% of higher costs in the next 12 months, 43% of firms will be able to pass through 0-20%, 12% will be able to pass through 20-40%, 11% will pass through 40-60%, 6% will pass through 60-80%, 2% will be able to pass through more than 100%, and 6% of firms had to decrease prices (Chart 3). Firms were also asked about price changes compared to last year. Approximately half of firms (49%) reported no change in the frequency of price changes compared with last year, 9% reported they are changing their prices much more often than last year, 32% are changing somewhat more often, 9% are changing somewhat less often, and 1% of firms are changing prices much less often (Chart 4).

Selected Services Comments

"Labor market is tightening."

"Starting to utilize robotics and AI to be more productive."

"It is still rough and choppy."

"We have had to lay off people to offset the increase in prices for the technology we use."

"Labor continues to be a governor on growth for our services."

"Demand far outpaces product availability and our ability to take advantage of the opportunities. We've had to turn business away."

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

Plant Level Indicators	February vs. January (percent)*					February 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*^
Composite Index				2	6				11				16	13
Consumer Services									*12*					
Business Services									*11*					
General Revenue/Sales	37	33	30	7	15	49	21	29	20	51	23	26	24	21
Number of Employees	11	71	18	-7	-5	28	38	33	-5	28	49	22	6	3
Employee Hours Worked	17	64	19	-2	-1	20	54	26	-6	30	51	19	11	6
Part-Time/Temporary Employment	7	87	6	1	5	14	76	9	5	16	75	8	8	8
Wages and Benefits	25	65	10	15	17	72	19	9	63	49	42	9	40	44
Inventory Levels	23	57	19	4	1	31	53	16	14	29	53	19	10	7
Credit Conditions/Access to Credit	7	86	7	0	0	14	79	7	7	13	83	4	9	8
Capital Expenditures	19	67	13	6	10	29	44	27	2	33	51	16	16	17
Input Prices	36	61	3	33	31	70	18	12	58	59	32	8	51	49
Selling Prices	22	66	12	10	14	60	19	21	38	44	40	15	29	31

*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 February survey was open for a six-day period from February 18-23, 2026 and included 100 responses (63 consumer and 37 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

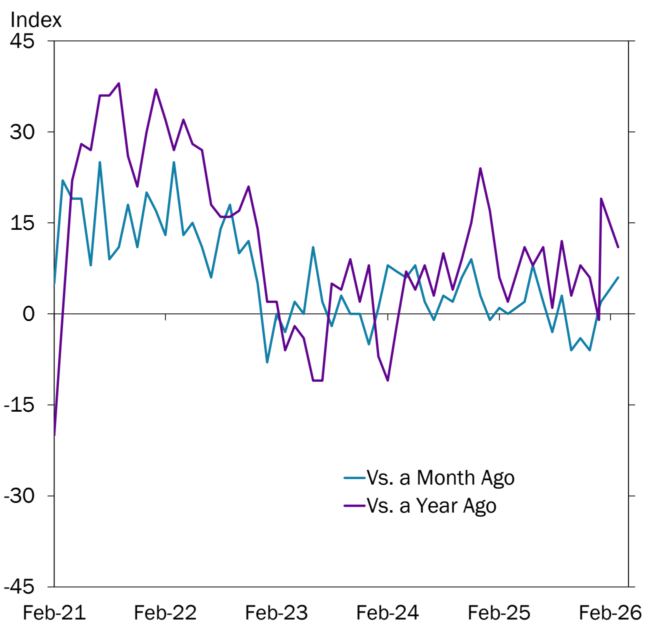

Chart 2. Composite Indexes vs. a Year Ago by Sector

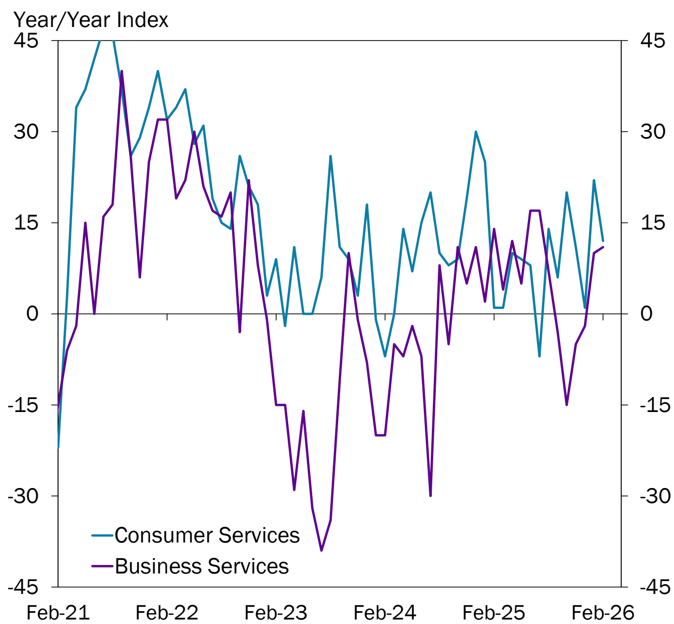

Chart 3. Special Question: If your firm is facing higher costs, what share of those increases are you able to pass through to customers in the form of higher prices and what share do you expect to pass through in the next 12 months?

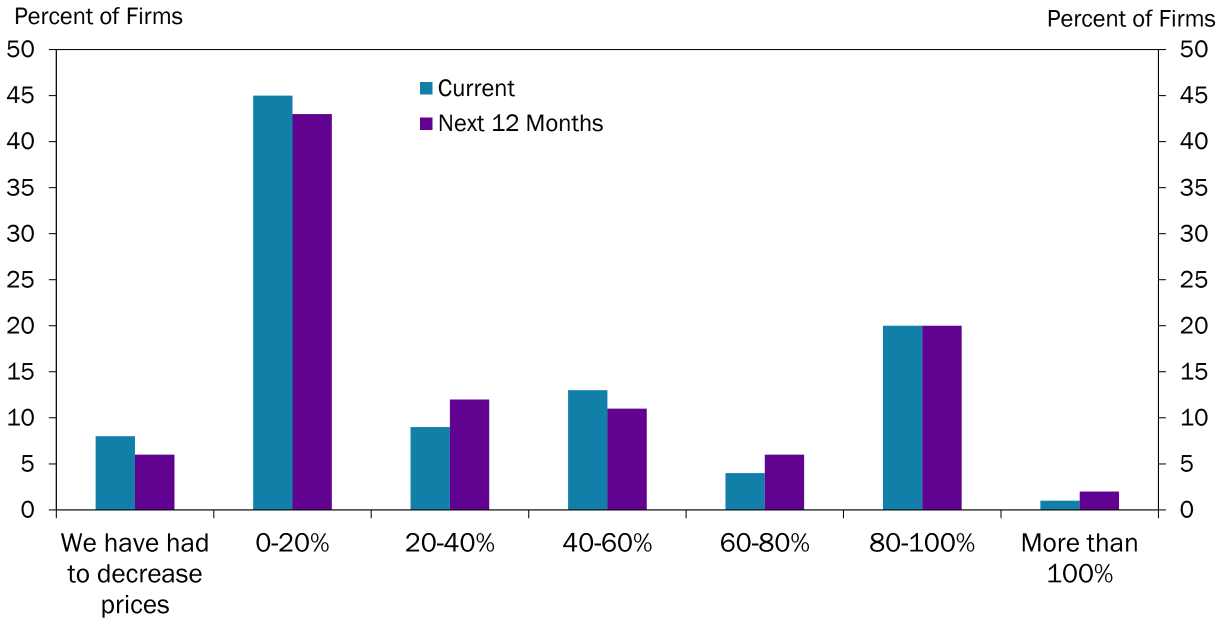

Chart 4. Special Question: How much more or less frequently is your firm changing prices compared to last year?

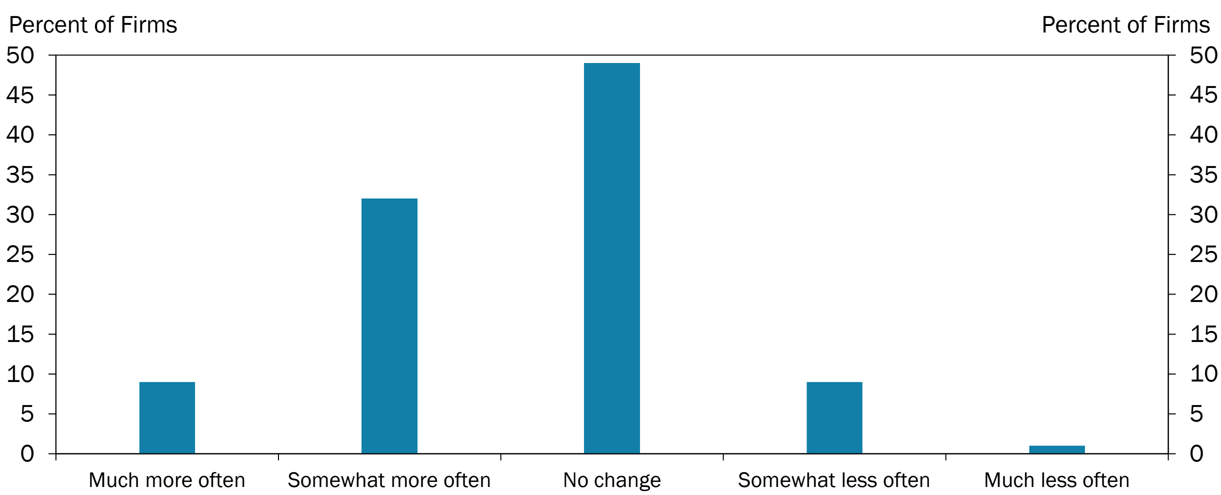

Table 2
Historical Services Survey Indexes

	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26
Versus a Month Ago													
(seasonally adjusted)													
Composite Index	1	0	2	8	2	-3	3	-6	-4	-6	1	2	6
General Revenue/Sales	-2	3	2	10	2	-5	3	-8	-4	-3	3	4	15
Number of Employees	2	-5	1	7	4	-3	1	-10	-4	-14	-5	-3	-5
Employee Hours Worked	-4	-9	0	8	1	-4	-1	-10	-4	-9	-10	-7	-1
Part-Time/Temporary Employment	-4	-7	-8	0	2	-13	-10	-9	6	-4	-1	-4	5
Wages and Benefits	14	16	21	27	24	19	21	17	20	24	14	24	17
Inventory Levels	7	-1	2	2	0	2	6	4	-2	-1	7	3	1
Credit Conditions/Access to Credit	-8	-4	-3	-4	-1	-4	-3	-2	-3	-4	-2	-1	0
Capital Expenditures	4	14	14	16	7	11	6	8	11	-3	9	18	10
Input Prices	38	40	46	42	39	35	43	38	36	33	38	39	31
Selling Prices	15	12	15	17	16	16	15	11	19	14	11	21	14
Versus a Year Ago													
(not seasonally adjusted)													
Composite Index	6	2	11	8	11	1	12	3	8	6	-1	19	11
Consumer Services	*1*	*1*	*10*	*9*	*8*	*-7*	*14*	*6*	*20*	*11*	*1*	*22*	*12*
Business Services	*14*	*4*	*12*	*5*	*17*	*17*	*7*	*-3*	*-15*	*-5*	*-2*	*10*	*11*
General revenue/sales	-2	1	14	9	7	-2	16	5	14	8	0	36	20
Number of employees	13	-5	6	3	17	6	8	1	6	-1	-9	-3	-5
Employee hours worked	-2	-8	1	-2	2	2	5	-12	-2	-11	-9	-1	-6
Part-time/temporary employment	1	-1	-3	9	8	-6	-12	-6	-5	-14	-2	-10	5
Wages and benefits	65	51	65	67	62	64	63	58	69	66	66	66	63
Inventory levels	14	14	11	12	12	-1	9	0	-2	9	9	8	14
Credit conditions/access to credit	-6	-2	-4	-4	-6	0	-5	1	-3	3	4	2	7
Capital expenditures	3	-2	9	19	4	6	8	14	17	5	9	8	2
Input prices	74	71	72	72	58	60	66	64	65	59	61	63	58
Selling prices	36	34	42	56	44	47	50	35	43	35	33	47	38
Expected in Six Months													
(seasonally adjusted)													
Composite Index	15	12	14	12	11	9	10	6	3	2	11	15	13
General revenue/sales	21	15	20	12	14	11	17	13	10	7	20	30	21
Number of employees	13	10	13	17	11	8	0	-3	2	-4	6	-3	3
Employee hours worked	-1	7	6	15	0	4	9	-3	-6	-12	12	-1	6
Part-time/temporary employment	0	0	-1	2	0	-6	-12	-4	-6	-10	-4	-8	8
Wages and benefits	44	49	40	51	37	38	47	38	45	42	44	38	44
Inventory levels	4	5	-1	6	3	5	5	1	-11	-3	-2	6	7
Credit conditions/access to credit	-5	-1	1	-1	-2	-1	-1	-1	-1	-3	0	-3	8
Capital expenditures	9	11	11	17	5	5	5	4	9	1	14	14	17
Input prices	60	58	68	60	55	54	62	51	54	48	53	51	49
Selling prices	36	34	40	38	26	38	34	28	30	21	30	41	31