

**FOR IMMEDIATE RELEASE**

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**Tenth District Services Activity Expanded Further in March**  
*Federal Reserve Bank of Kansas City Releases March Services Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the March 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 expanded further in March, and expectations for future services activity increased slightly.

“Regional services activity grew moderately in March, posting its highest reading since September 2022,” said Cowley. “Over half of firms expected product demand to be higher this year than 2025, but another half expected margin compression in the coming 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](http://www.kansascityfed.org).

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## TENTH DISTRICT SERVICES SUMMARY

Tenth District services activity expanded further in March, and expectations for future services activity increased slightly (Chart 1 & Table 1). Both the input and selling price growth ticked up from last month, with input prices outpacing selling price growth.

### Business Activity Expanded Further in March

The month-over-month services composite index was 15 in March, up from 6 in February, and 2 in January (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in the tourism sector and information services sectors fell, while health services rose slightly. All month-over-month indexes were positive except for the credit conditions index, which declined from 0 to -4. The monthly general revenue/sales index continued to increase from 15 to 18, and the employee count index increased from -5 to 7. The year-over-year composite index decreased slightly from 11 to 8, driven by cooling in business services. Expectations for future activity in the services sector increased slightly, driven primarily by the higher employment expectations.

### Special Questions

This month, contacts were asked special questions about expected changes in profit margins and product demand. Almost one-fifth (18%) of firms reported that they expect their profit margins to remain unchanged over the next 12 months, 2% of firms expect their profit margins to significantly increase, 29% expect a slight increase, 42% expect a slight decrease, and 9% expect a significant decrease (Chart 3). Firms were also asked about product demand compared with last year. Approximately half of firms (51%) expect their product demand to be slightly higher in 2026 than in 2025, 6% expect their product demand to be significantly higher, 21% expect no change in product demand, 17% expect their product demand to be slightly lower, and 5% of firms expect product demand to be significantly lower (Chart 4).

## Selected Services Comments

“Uncertainty is a real large and seemingly growing issue.”

“We were planning to exceed our prior year’s sales. We are resetting to flat to down sales expectations for the rest of the year.”

“Uncertainty is a disincentive.”

“Sales have dropped and there are a lower number of customers coming to shop.”

“Consumers aren't spending.”

“It's difficult to make decisions because of uncertainty.”

“It's been rough, though beginning to look better.”

**Table 1. Summary of Tenth District Services Conditions, March 2026**

	March vs. February (percent)*					March vs. Year Ago (percent)*					Expected in Six Months (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				16	15				8				19	17	
Consumer Services									11						
Business Services									0						
General Revenue/Sales	43	34	24	19	18	42	28	30	12	46	30	23	23	20	
Number of Employees	23	64	14	9	7	30	41	30	0	35	45	20	15	16	
Employee Hours Worked	23	60	17	6	8	21	51	28	-6	27	52	21	7	5	
Part-Time/Temporary Employment	10	82	8	2	3	15	74	12	3	15	74	11	4	4	
Wages and Benefits	21	73	6	14	16	67	26	7	59	54	40	6	48	51	
Inventory Levels	30	59	11	19	18	27	54	19	8	31	51	18	13	9	
Credit Conditions/Access to Credit	3	90	7	-5	-4	10	82	8	2	9	84	7	2	3	
Capital Expenditures	22	66	13	9	10	33	39	28	5	36	44	20	16	19	
Input Prices	47	49	5	42	45	74	15	11	63	65	28	7	58	61	
Selling Prices	24	66	10	14	19	58	26	16	42	46	39	14	32	33	

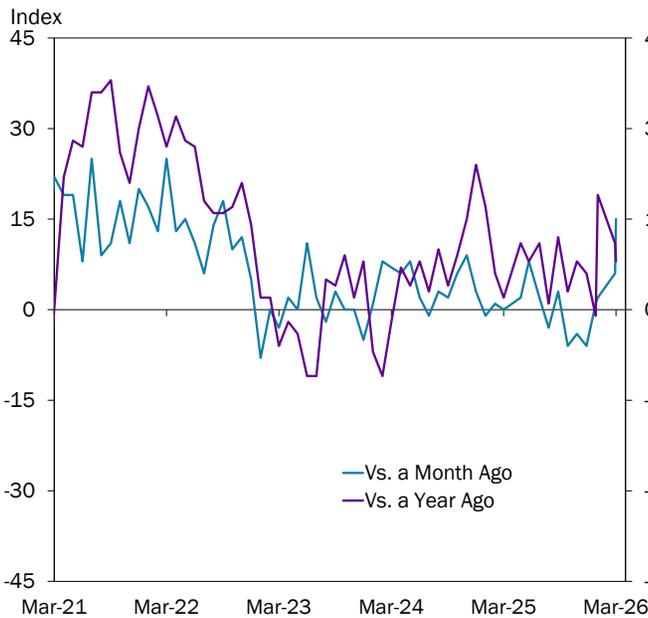
\*Percentage may not add to 100 due to rounding.

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

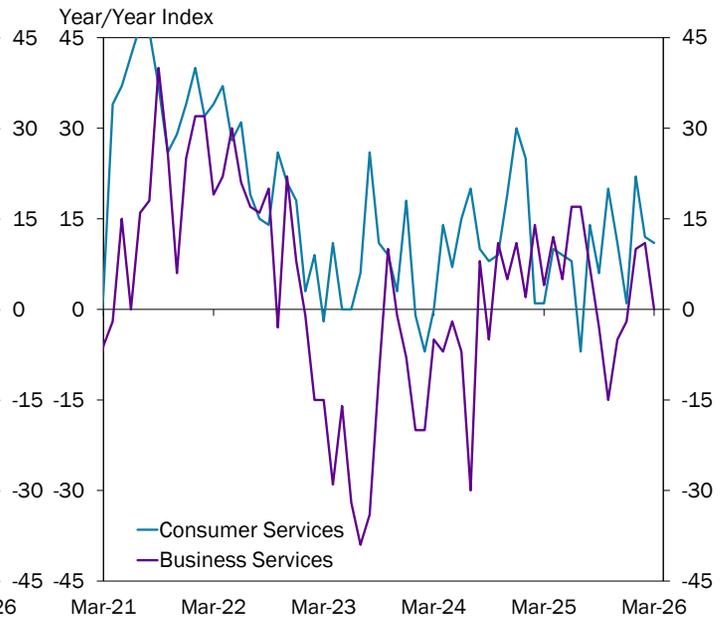
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The February survey was open for a six-day period from March 18-23, 2026 and included 112 responses (73 consumer and 39 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

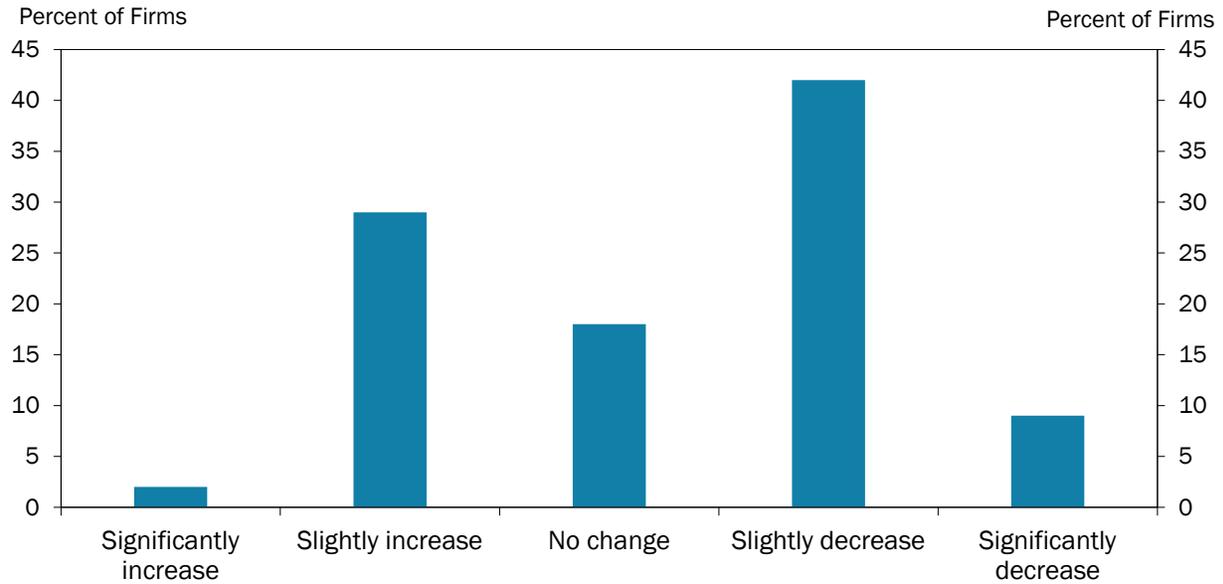
**Chart 1. Services Composite Indexes**



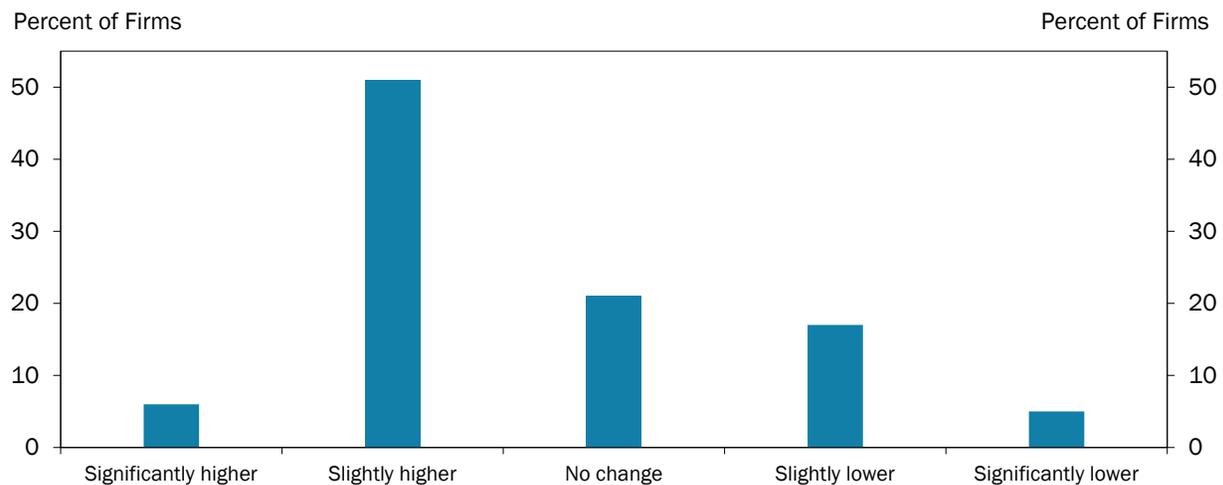
**Chart 2. Composite Indexes vs. a Year Ago by Sector**



**Chart 3. Special Question: How do you expect profit margins will change for your firm over the next 12 months?**



**Chart 4. Special Question: What are your expectations for demand for your firm's products in 2026 compared to 2025?**



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

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