

**FOR IMMEDIATE RELEASE**

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**Tenth District Services Rose Moderately in May**  
*Federal Reserve Bank of Kansas City Releases May Services Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the April 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 moderately in May, and expectations for future activity cooled but remained positive.

“Regional services activity rose moderately in May, as the general revenue index doubled from last month,” said Cowley. “However, firms are experiencing cost pressures. Approximately half of firms reported their input prices were changing more frequently than in 2025.”

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

Growth in Tenth District services activity rose moderately in May, and expectations for future activity cooled but remained positive (Chart 1 & Table 1). Input price growth ticked up slightly, while growth in selling prices slowed from last month.

### Business Activity Rose Moderately in May

The month-over-month services composite index was 10 in May, up from 3 in April, and down from 15 in March (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in the tourism sector and retail trade grew, while restaurant services declined. All month-over-month indexes were positive except for the temporary and part-time employment and credit conditions indexes. Most month-over-month indexes rose from last month except wages and benefits, selling price index, and temporary and part-time employment. The monthly general revenue/sales index grew from 6 to 12, while employment increased slightly with a reading of 5. The year-over-year composite index increased from 8 to 12, driven by gains in consumer services. Capital expenditures rose sharply from 7 to 21. Expectations for future activity in the services sector cooled, driven primarily by general revenue/sales and employment.

### Special Questions

This month, contacts were asked special questions about changes in input and output prices and hiring and capital investment plan changes. Almost half (49%) of firms reported their input prices are changing more often, 16% reported their input prices are changing less often and 35% reported their input prices are changing at about the same rate. Over a quarter (27%) of firms reported their output prices are changing more often, 19% reported their output prices are changing less often, and 49% reported output prices are changing at about the same rate as 2025 (Chart 3). Firms were also asked about any changes in their hiring and capital investment plans since the start of the year. Almost a quarter (24%) of firms expected to hire fewer workers, 16% expected to hire more workers, and 60% have not changed their hiring plans. Over two-thirds (68%) of firms have not changed their capital investment plans, 14% expected to decrease capital investments, and 18% expected to increase capital investments (Chart 4).

## Selected Services Comments

“Business continues to be very challenging. Input prices that stabilized late last year are in chaos again due to oil prices, etc. We need stability.”

“Retail consumer traffic is slow.”

“Fuel costs and customer sentiments are dangerously impacting our sales.”

“Consumers are holding back on discretionary services.”

“It is getting difficult for us to stay in business due to low demand for outsourcing staffing.”

“We anticipate continued competitive pressure in the labor market.”

“Labor availability continues to be the governor of growth.”

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

Plant Level Indicators	May vs. April (percent)*					May 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>	
Composite Index				17	10				12				10	11	
Consumer Services									3						
Business Services									17						
General Revenue/Sales	44	34	23	21	12	49	15	35	14	44	28	29	15	16	
Number of Employees	25	62	13	13	5	31	44	25	6	28	48	23	5	6	
Employee Hours Worked	29	56	15	15	8	25	54	21	4	23	58	19	4	6	
Part-Time/Temporary Employment	7	86	7	0	-5	11	77	12	-1	5	84	11	-6	-8	
Wages and Benefits	27	64	9	19	18	73	18	9	64	55	39	6	49	49	
Inventory Levels	25	64	11	15	11	33	49	18	15	25	57	18	7	4	
Credit Conditions/Access to Credit	5	89	6	-1	-1	13	78	9	4	9	85	6	3	2	
Capital Expenditures	29	65	6	23	19	38	44	17	21	34	49	16	18	17	
Input Prices	56	43	1	55	54	82	16	2	80	64	32	4	60	59	
Selling Prices	27	67	6	22	20	59	27	14	46	43	48	10	33	30	

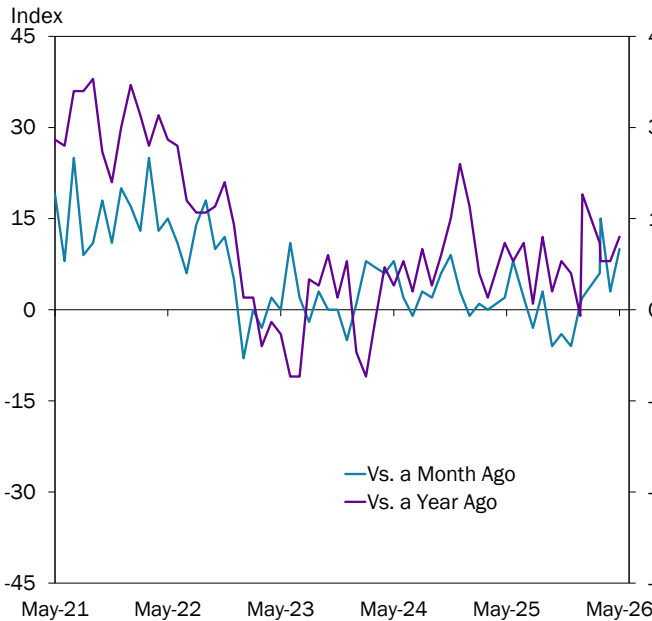
\*Percentage may not add to 100 due to rounding.

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

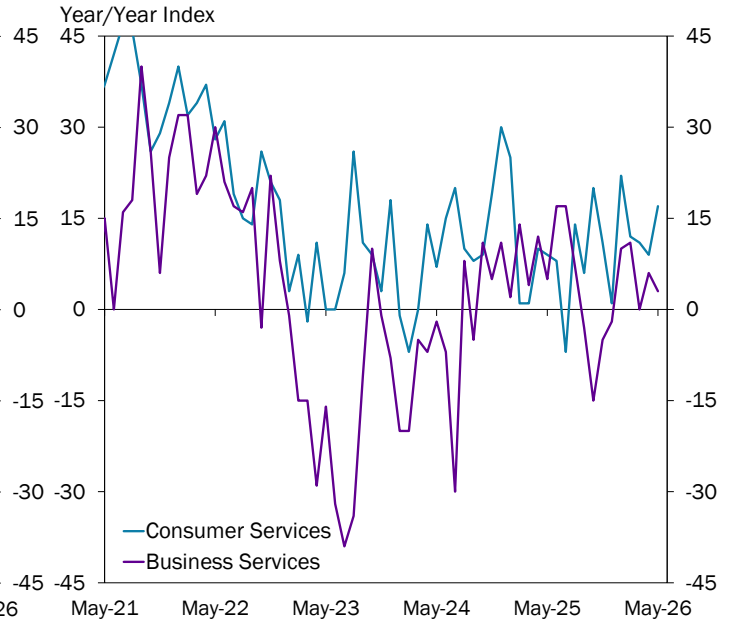
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The May survey was open for a six-day period from May 13-18, 2026 and included 103 responses (65 consumer and 38 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

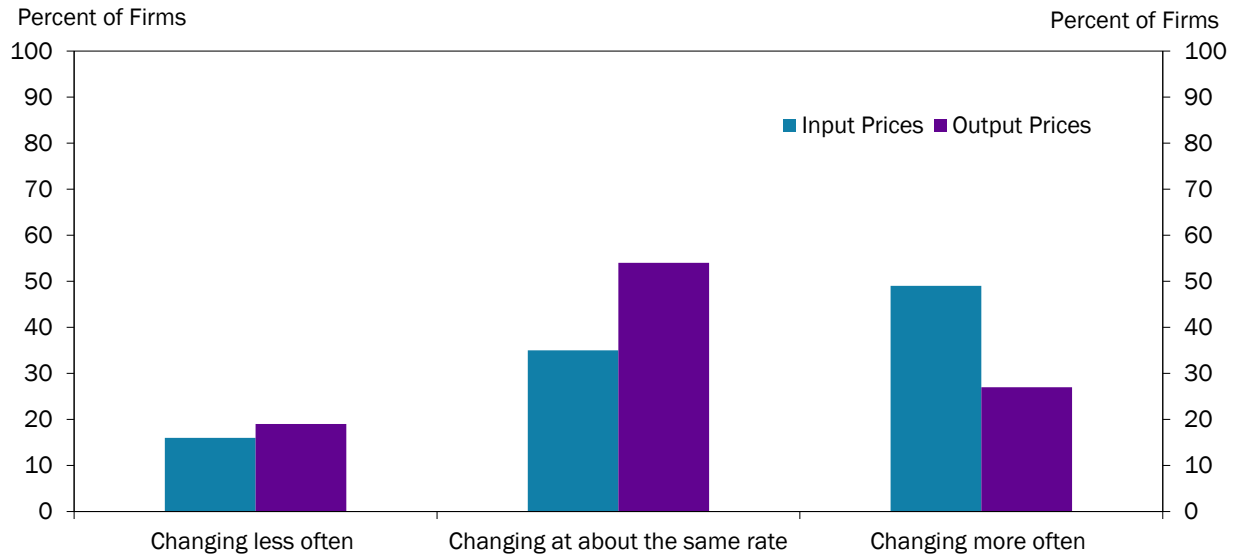
**Chart 1. Services Composite Indexes**



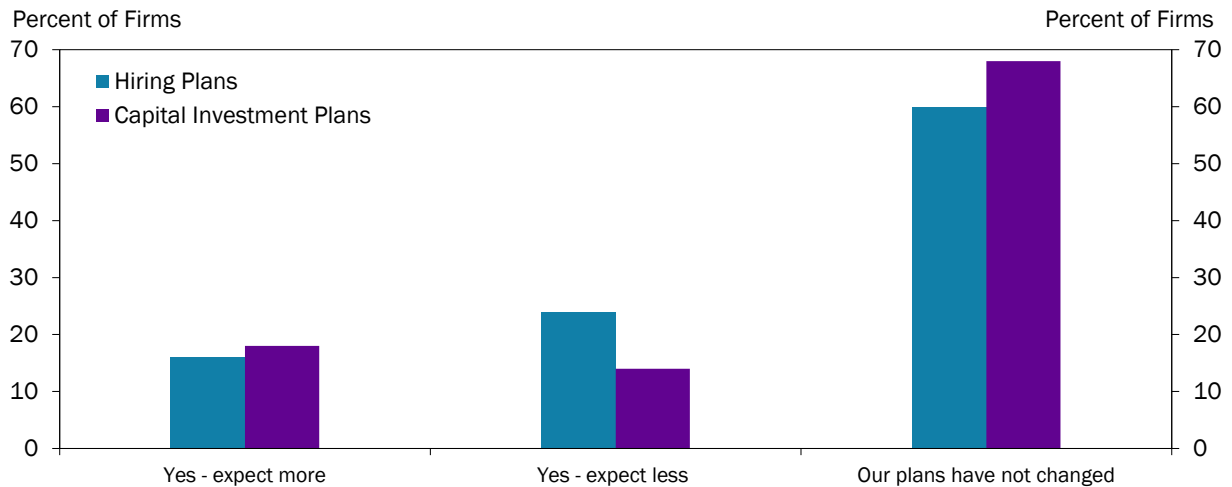
**Chart 2. Composite Indexes vs. a Year Ago by Sector**



**Chart 3. Special Question: Compared to last year, how frequently are your input and output prices changing?**



**Chart 4. Special Question: Since the start of the year, have your firm's hiring and capital investment plans changed for the remainder of 2026?**



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

	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26
<b>Versus a Month Ago</b> (seasonally adjusted)													
Composite Index	8	2	-3	3	-6	-4	-6	1	2	6	15	3	10
General Revenue/Sales	10	2	-5	3	-8	-4	-3	3	4	15	18	6	12
Number of Employees	7	4	-3	1	-10	-4	-14	-5	-3	-5	7	-5	5
Employee Hours Worked	8	1	-4	-1	-10	-4	-9	-10	-7	-1	8	-2	8
Part-Time/Temporary Employment	0	2	-13	-10	-9	6	-4	-1	-4	5	3	-1	-5
Wages and Benefits	27	24	19	21	17	20	24	14	24	17	16	22	18
Inventory Levels	2	0	2	6	4	-2	-1	7	3	1	18	9	11
Credit Conditions/Access to Credit	-4	-1	-4	-3	-2	-3	-4	-2	-1	0	-4	-2	-1
Capital Expenditures	16	7	11	6	8	11	-3	9	18	10	10	8	19
Input Prices	42	39	35	43	38	36	33	38	39	31	45	48	54
Selling Prices	17	16	16	15	11	19	14	11	21	14	19	23	20
<b>Versus a Year Ago</b> (not seasonally adjusted)													
Composite Index	8	11	1	12	3	8	6	-1	19	11	8	8	12
<i>Consumer Services</i>	9	8	-7	14	6	20	11	1	22	12	11	9	17
<i>Business Services</i>	5	17	17	7	-3	-15	-5	-2	10	11	0	6	3
General revenue/sales	9	7	-2	16	5	14	8	0	36	20	12	18	14
Number of employees	3	17	6	8	1	6	-1	-9	-3	-5	0	-6	6
Employee hours worked	-2	2	2	5	-12	-2	-11	-9	-1	-6	-6	-9	4
Part-time/temporary employment	9	8	-6	-12	-6	-5	-14	-2	-10	5	3	1	-1
Wages and benefits	67	62	64	63	58	69	66	66	66	63	59	64	64
Inventory levels	12	12	-1	9	0	-2	9	9	8	14	8	3	15
Credit conditions/access to credit	-4	-6	0	-5	1	-3	3	4	2	7	2	4	4
Capital expenditures	19	4	6	8	14	17	5	9	8	2	5	7	21
Input prices	72	58	60	66	64	65	59	61	63	58	63	81	80
Selling prices	56	44	47	50	35	43	35	33	47	38	42	46	46
<b>Expected in Six Months</b> (seasonally adjusted)													
Composite Index	12	11	9	10	6	3	2	11	15	13	17	22	11
General revenue/sales	12	14	11	17	13	10	7	20	30	21	20	34	16
Number of employees	17	11	8	0	-3	2	-4	6	-3	3	16	13	6
Employee hours worked	15	0	4	9	-3	-6	-12	12	-1	6	5	1	6
Part-time/temporary employment	2	0	-6	-12	-4	-6	-10	-4	-8	8	4	10	-8
Wages and benefits	51	37	38	47	38	45	42	44	38	44	51	51	49
Inventory levels	6	3	5	5	1	-11	-3	-2	6	7	9	5	4
Credit conditions/access to credit	-1	-2	-1	-1	-1	-1	-3	0	-3	8	3	-1	2
Capital expenditures	17	5	5	5	4	9	1	14	14	17	19	1	17
Input prices	60	55	54	62	51	54	48	53	51	49	61	70	59
Selling prices	38	26	38	34	28	30	21	30	41	31	33	35	30