Services Survey

FOR IMMEDIATE RELEASE
Aug. 28, 2026

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Tenth District Services Activity Fell in August
Federal Reserve Bank of Kansas City Releases August Services Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the August 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 fell in August, while expectations for future activity moderated but remained positive.

“Regional services activity contracted from last month, and firms’ expectations for the next few months cooled,” said Cowley. “Over a quarter of firms reported their employee turnover this year is lower than normal levels, and a majority of firms reported technology improvements or reduced turnover as the primary factor increasing productivity.”

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

Growth in Tenth District services activity fell in August, while expectations for future activity moderated but remained positive (Chart 1 & Table 1). Input prices remained steady, while the selling price index decreased from last month.

Business Activity Fell in August

The month-over-month services composite index was -3 in August, down from 14 in July and 5 in June (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Wholesale trade and leisure/hospitality activity fell considerably, while education and health services? activity rose. The month-over-month indexes were mixed, with moderate declines in the inventory and employment indexes. The monthly general revenue/sales index fell from 19 to 0 and employment fell from 4 to -4. The year-over-year composite index increased slightly from 10 to 11, with activity in consumer services stronger than business services. The capital expenditures index continued to tick down from 16 to 14. Expectations for future activity in services fell considerably from a reading of 24 to 5, driven primarily by general revenue/sales.

Special Questions

This month, contacts were asked special questions about factors for increases in production and turnover. Over a third (38%) of firms reported their primary factor allowing them to increase production without adding workers was reduced turnover, 31% reported their primary factor was technology improvements, 27% reported they have not been able to increase production without adding workers, 3% reported it was outsourcing, and 1% reported their primary factor was not listed (Chart 3). Firms were also asked about their employee turnover this year compared to their typical turnover level. Over half (54%) of firms reported unchanged turnover, 16% reported slightly lower turnover, 14% reported slightly higher turnover, 12% reported significantly lower turnover, and 4% reported significantly higher turnover this year (Chart 4).

Selected Services Comments

“Although we have seen a huge reduction in our overall input prices, we have had huge increases in the shipping costs of our inventory. The increases in shipping exceed 40%. These additional costs have put a great amount of pressure on small businesses.”

“It's still rough but improving.”

“Business remains poor and uncertainty remain high.”

“Consumers continue to be cautious and affected by high gasoline and food prices.”

“As a small business, we do not currently have the capital to invest in AI at this point.”

“We are cautiously growing to meet demand but are being very careful and looking for any sign that things might change.”

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

Plant Level Indicators	August vs. July (percent)* Increase	No Change	Decrease	Diff Index^	SA Index*^	August vs. Year Ago (percent)* Increase	No Change	Decrease	Diff Index^	Expected in Six Months (percent)* Increase	No Change	Decrease	Diff Index^	SA Index*^
Composite Index				-1	-3				11				1	5
Consumer Services									*13*					
Business Services									*10*					
General Revenue/Sales	33	39	29	4	0	49	18	32	17	38	30	31	7	12
Number of Employees	19	58	23	-4	-4	33	37	30	3	20	52	28	-8	-5
Employee Hours Worked	20	57	23	-3	-5	23	48	29	-5	20	51	29	-9	-4
Part-Time/Temporary Employment	8	79	13	-5	-3	10	73	16	-6	9	77	13	-4	-4
Wages and Benefits	30	64	6	24	24	71	22	7	64	43	48	8	35	37
Inventory Levels	15	61	23	-8	-7	31	48	21	10	24	50	26	-2	1
Credit Conditions/Access to Credit	4	87	9	-5	-2	8	84	8	0	6	86	8	-2	0
Capital Expenditures	25	64	11	14	16	36	42	22	14	33	48	19	14	17
Input Prices	49	49	2	47	46	77	17	6	71	64	30	6	58	60
Selling Prices	25	64	11	14	8	63	17	20	42	46	37	16	30	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 August survey was open for a six-day period from August 19-24, 2026 and included 101 responses (67 consumer and 34 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

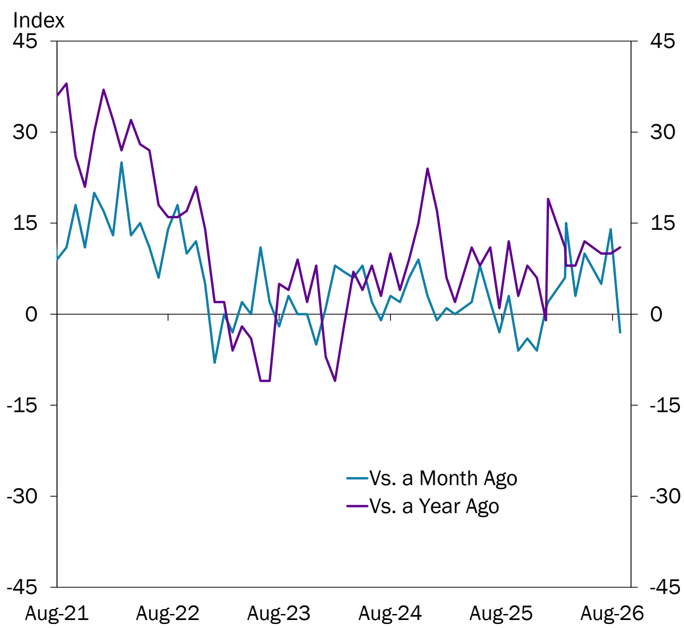

Chart 2. Composite Indexes vs. a Year Ago by Sector

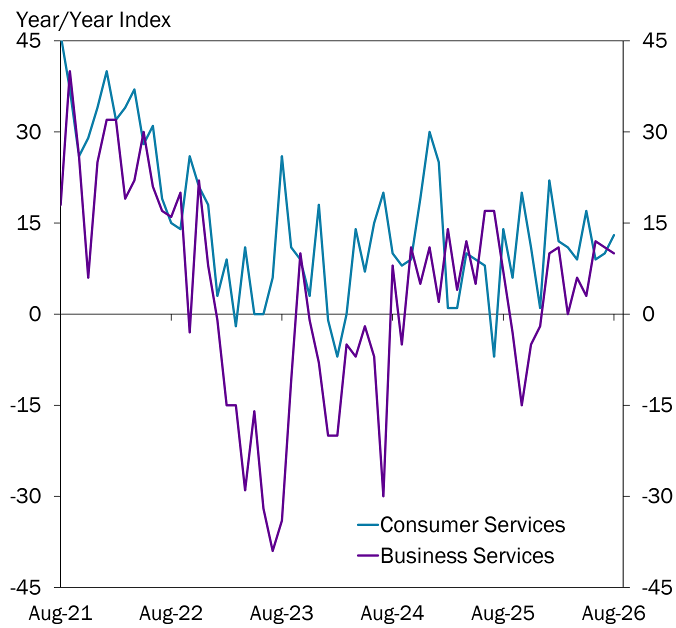

Chart 3. Special Question: What is the primary factor enabling you to increase production without adding workers?

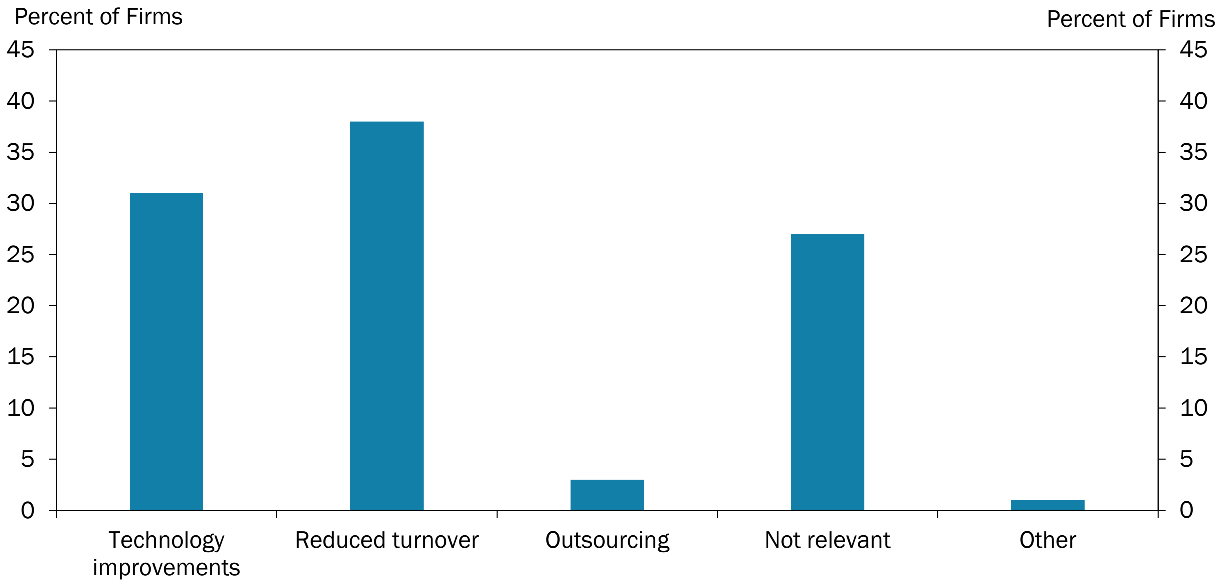

Chart 4. Special Question: How does turnover this year compare to the typical level of turnover at your company?

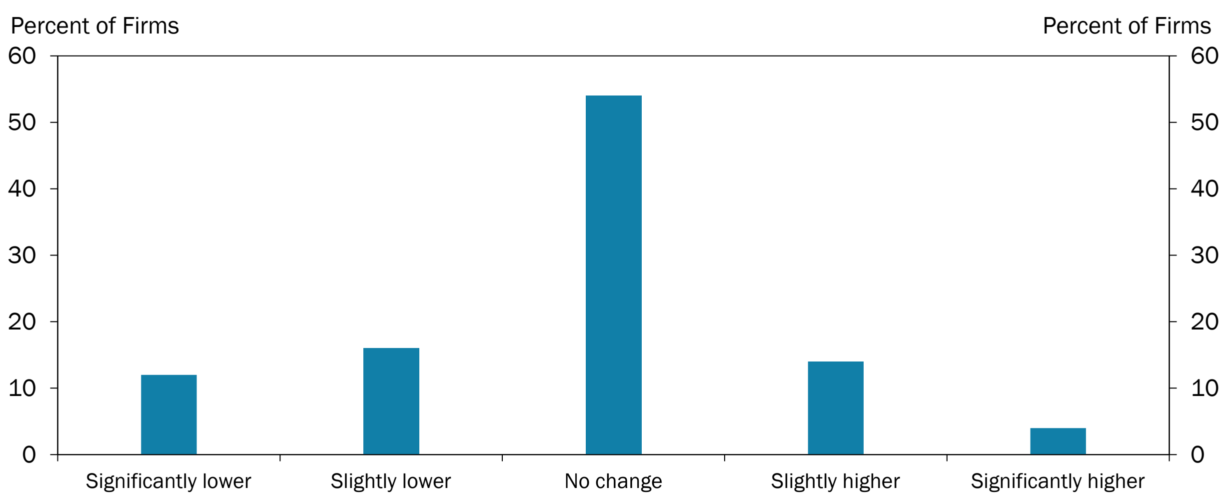

Table 2
Historical Services Survey Indexes

	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Jul'26	Aug'26
Versus a Month Ago													
(seasonally adjusted)													
Composite Index	3	-6	-4	-6	1	2	6	15	3	10	5	14	-3
General Revenue/Sales	3	-8	-4	-3	3	4	15	18	6	12	3	19	0
Number of Employees	1	-10	-4	-14	-5	-3	-5	7	-5	5	1	4	-4
Employee Hours Worked	-1	-10	-4	-9	-10	-7	-1	8	-2	8	8	-1	-5
Part-Time/Temporary Employment	-10	-9	6	-4	-1	-4	5	3	-1	-5	8	-5	-3
Wages and Benefits	21	17	20	24	14	24	17	16	22	18	17	29	24
Inventory Levels	6	4	-2	-1	7	3	1	18	9	11	16	14	-7
Credit Conditions/Access to Credit	-3	-2	-3	-4	-2	-1	0	-4	-2	-1	-2	-5	-2
Capital Expenditures	6	8	11	-3	9	18	10	10	8	19	19	24	16
Input Prices	43	38	36	33	38	39	31	45	48	54	51	45	46
Selling Prices	15	11	19	14	11	21	14	19	23	20	16	12	8
Versus a Year Ago													
(not seasonally adjusted)													
Composite Index	12	3	8	6	-1	19	11	8	8	12	10	10	11
Consumer Services	*14*	*6*	*20*	*11*	*1*	*22*	*12*	*11*	*9*	*17*	*9*	*10*	*13*
Business Services	*7*	*-3*	*-15*	*-5*	*-2*	*10*	*11*	*0*	*6*	*3*	*12*	*11*	*10*
General revenue/sales	16	5	14	8	0	36	20	12	18	14	9	18	17
Number of employees	8	1	6	-1	-9	-3	-5	0	-6	6	8	2	3
Employee hours worked	5	-12	-2	-11	-9	-1	-6	-6	-9	4	10	1	-5
Part-time/temporary employment	-12	-6	-5	-14	-2	-10	5	3	1	-1	1	0	-6
Wages and benefits	63	58	69	66	66	66	63	59	64	64	71	61	64
Inventory levels	9	0	-2	9	9	8	14	8	3	15	16	2	10
Credit conditions/access to credit	-5	1	-3	3	4	2	7	2	4	4	-3	-1	0
Capital expenditures	8	14	17	5	9	8	2	5	7	21	18	16	14
Input prices	66	64	65	59	61	63	58	63	81	80	76	72	71
Selling prices	50	35	43	35	33	47	38	42	46	46	43	40	42
Expected in Six Months													
(seasonally adjusted)													
Composite Index	10	6	3	2	11	15	13	17	22	11	26	24	5
General revenue/sales	17	13	10	7	20	30	21	20	34	16	41	39	12
Number of employees	0	-3	2	-4	6	-3	3	16	13	6	11	14	-5
Employee hours worked	9	-3	-6	-12	12	-1	6	5	1	6	17	10	-4
Part-time/temporary employment	-12	-4	-6	-10	-4	-8	8	4	10	-8	4	2	-4
Wages and benefits	47	38	45	42	44	38	44	51	51	49	52	46	37
Inventory levels	5	1	-11	-3	-2	6	7	9	5	4	10	1	1
Credit conditions/access to credit	-1	-1	-1	-3	0	-3	8	3	-1	2	2	-2	0
Capital expenditures	5	4	9	1	14	14	17	19	1	17	25	26	17
Input prices	62	51	54	48	53	51	49	61	70	59	62	70	60
Selling prices	34	28	30	21	30	41	31	33	35	30	33	38	31