



Services Survey

FOR IMMEDIATE RELEASE

Oct. 23, 2026

CONTACT: Sarah Reed

(405) 827-7294

Sarah.Reed@kc.frb.org

Growth in Tenth District Services Activity Rose Moderately in October ***Federal Reserve Bank of Kansas City Releases October Services Survey***

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the October Services Survey today. According to Cortney Cowley, assistant vice president and Oklahoma City Branch executive, results from the survey showed that growth in Tenth District services activity rose moderately in October, while expectations for future activity eased but remained positive.

“Regional services activity increased in October, led by growth in consumer services,” said Cowley. “A majority of firms reported increased sales from last year, but headcounts have decreased on net and are not expected to recover 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

Growth in Tenth District services activity rose moderately in October, while expectations for future activity eased but remained positive (Chart 1 & Table 1). Growth in input costs and selling prices slowed from last month but selling price growth increased on a year-over-year basis.

Business Activity Rose Moderately in October

The month-over-month services composite index was 10 in October, up from 0 in September and -3 in August (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Business services cooled slightly, driven by moderate declines in activity in the transportation sector, while consumer services ticked up driven by increased activity in health services and non-discretionary retail trade. Most month-over-month indexes were positive except the indexes for credit conditions and hours worked. The monthly general revenue/sales index grew further from 6 to 16, and the employment index rose from -10 to 2. The year-over-year composite index edged up from 6 to 8, driven by increased growth in consumer services, while the employment index fell further from -8 to -16. Expectations for future activity in services eased from 12 to 4, primarily driven by lower employment expectations.

Special Questions

This month, contacts were asked special questions about cost pass through ability and customer sensitivity to price changes. Almost a quarter (22%) of firms reported they are not able to pass through their higher costs to customers in the form of higher prices, 34% of firms reported they are able to pass through 1-20% of their higher costs, 8% of firms reported 21-40%, 8% of firms reported 41-60%, 6% reported 61-80%, 18% reported 81-100%, 1% reported more than 100%, 1% reported they have not faced higher costs, and 2% reported they have had to decrease prices (Chart 3). Firms were also asked about how their customers' sensitivity to price has changed compared to six months ago. A quarter of firms reported their customers' sensitivity is much more sensitive now than six months ago, 38% of firms reported their customers' sensitivity is somewhat more sensitive, 35% of firms reported their customers' sensitivity is about the same, 1% of firms reported their customers' sensitivity is somewhat less sensitive, and 1% of firms reported their customers' sensitivity is much less sensitive now than six months ago (Chart 4).

Selected Services Comments

“Customers are worried about the future.”

“Consumer is strong. Wholesale customers are still in shock from uncertainty. We wholesale to hundreds of specialty retailers and some regional retailers. Although our retailers are beginning to replenish inventory mostly because they were so conservative over the last 18 months.”

“Prices and costs are a huge concern in our industry. Our input prices, fuel and personnel costs are all up in a way that's problematic. We are raising our prices, but at some point, customers will stop buying.”

“Companies seem to be pocketing profits. They are spending money on the absolute need to have the nice to haves.”

“This is the toughest environment we have faced in at least 10 years. Input prices increasing and market is becoming ultra-competitive.”

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

	October vs. September (percent)*					October 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 ^{^^}
Plant Level Indicators															
Composite Index				4	10				8					5	4
Consumer Services									4						
Business Services									10						
General Revenue/Sales	34	39	27	8	16	53	18	29	24	43	29	28	15	13	
Number of Employees	23	53	23	0	2	25	34	41	-16	23	48	29	-5	-7	
Employee Hours Worked	15	65	20	-5	-3	20	55	25	-4	24	58	18	5	4	
Part-Time/Temporary Employment	10	82	9	1	6	10	74	16	-6	10	76	14	-4	-2	
Wages and Benefits	23	66	11	13	14	74	16	10	65	55	37	9	46	40	
Inventory Levels	19	64	18	1	7	25	55	20	5	19	59	22	-3	-1	
Credit Conditions/Access to Credit	5	80	14	-9	-8	10	73	18	-8	8	80	12	-4	-2	
Capital Expenditures	22	65	14	8	5	37	39	25	12	33	46	20	13	7	
Input Prices	53	45	2	51	48	86	11	3	83	72	25	3	68	63	
Selling Prices	25	68	8	17	16	67	26	8	59	45	46	9	37	34	

*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 October survey was open for a six-day period from October 14-19, 2026 and included 94 responses (61 consumer and 33 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

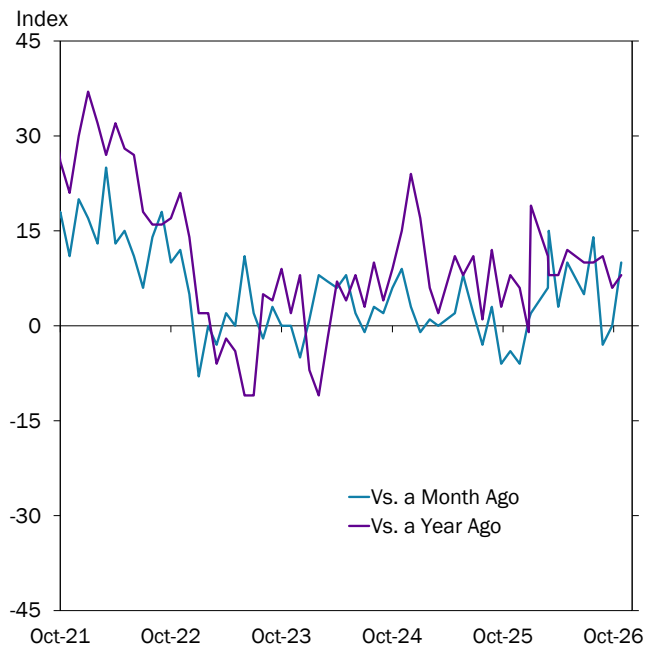


Chart 2. Composite Indexes vs. a Year Ago by Sector

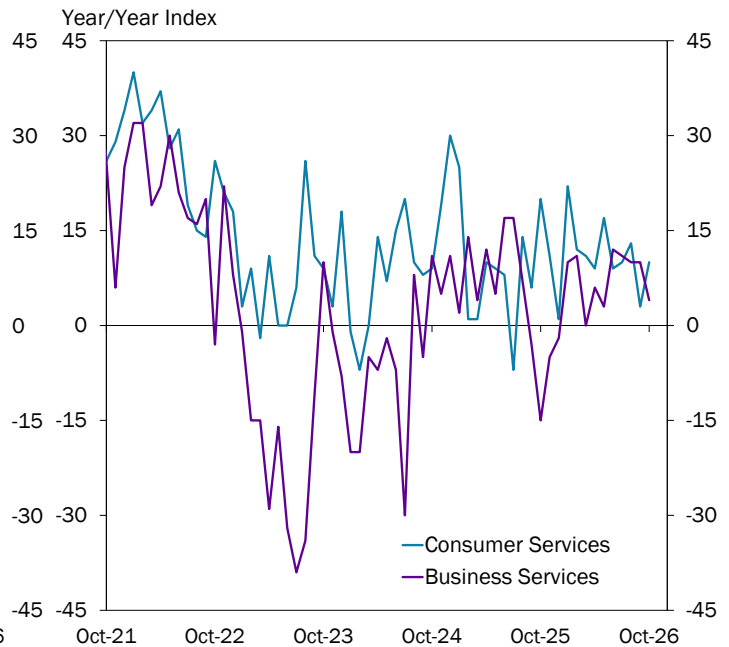


Chart 3. Special Question: If your firm is facing higher costs, what share of those increases are you able to pass through to customers in the form of higher prices?

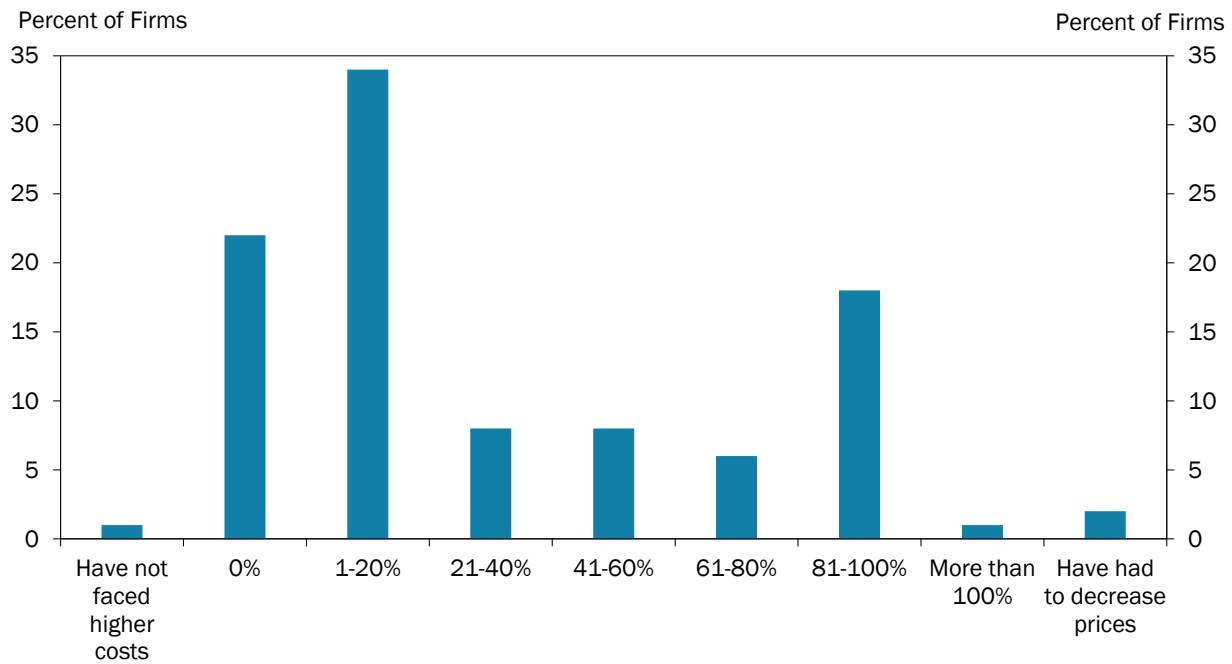


Chart 4. Special Question: Compared with six months ago, how has your customers' sensitivity to price changed?

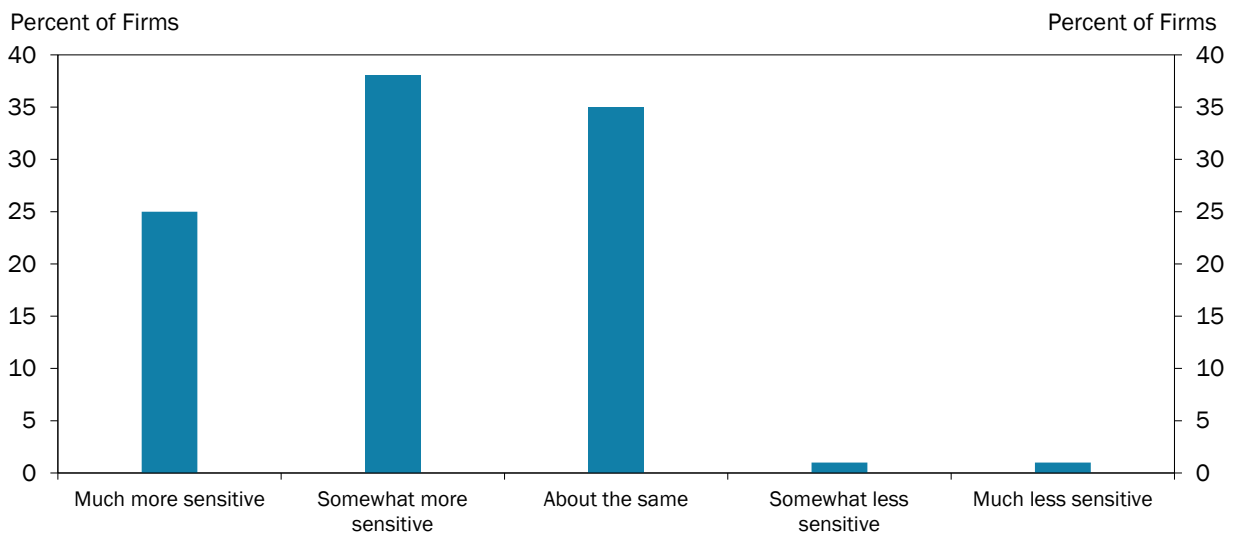


Table 2
Historical Services Survey Indexes

	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Jul'26	Aug'26	Sep'26	Oct'26
Versus a Month Ago (seasonally adjusted)													
Composite Index	-4	-6	1	2	6	15	3	10	5	14	-3	0	10
General Revenue/Sales	-4	-3	3	4	15	18	6	12	3	19	0	6	16
Number of Employees	-4	-14	-5	-3	-5	7	-5	5	1	4	-4	-10	2
Employee Hours Worked	-4	-9	-10	-7	-1	8	-2	8	8	-1	-5	-5	-3
Part-Time/Temporary Employment	6	-4	-1	-4	5	3	-1	-5	8	-5	-3	-13	6
Wages and Benefits	20	24	14	24	17	16	22	18	17	29	24	14	14
Inventory Levels	-2	-1	7	3	1	18	9	11	16	14	-7	0	7
Credit Conditions/Access to Credit	-3	-4	-2	-1	0	-4	-2	-1	-2	-5	-2	-6	-8
Capital Expenditures	11	-3	9	18	10	10	8	19	19	24	16	11	5
Input Prices	36	33	38	39	31	45	48	54	51	45	46	53	48
Selling Prices	19	14	11	21	14	19	23	20	16	12	8	21	16
Versus a Year Ago (not seasonally adjusted)													
Composite Index	8	6	-1	19	11	8	8	12	10	10	11	6	8
<i>Consumer Services</i>	20	11	1	22	12	11	9	17	9	10	13	3	10
<i>Business Services</i>	-15	-5	-2	10	11	0	6	3	12	11	10	10	4
General revenue/sales	14	8	0	36	20	12	18	14	9	18	17	13	24
Number of employees	6	-1	-9	-3	-5	0	-6	6	8	2	3	-8	-16
Employee hours worked	-2	-11	-9	-1	-6	-6	-9	4	10	1	-5	1	-4
Part-time/temporary employment	-5	-14	-2	-10	5	3	1	-1	1	0	-6	-7	-6
Wages and benefits	69	66	66	66	63	59	64	64	71	61	64	64	65
Inventory levels	-2	9	9	8	14	8	3	15	16	2	10	7	5
Credit conditions/access to credit	-3	3	4	2	7	2	4	4	-3	-1	0	2	-8
Capital expenditures	17	5	9	8	2	5	7	21	18	16	14	15	12
Input prices	65	59	61	63	58	63	81	80	76	72	71	84	83
Selling prices	43	35	33	47	38	42	46	46	43	40	42	45	59
Expected in Six Months (seasonally adjusted)													
Composite Index	3	2	11	15	13	17	22	11	26	24	5	12	4
General revenue/sales	10	7	20	30	21	20	34	16	41	39	12	17	13
Number of employees	2	-4	6	-3	3	16	13	6	11	14	-5	4	-7
Employee hours worked	-6	-12	12	-1	6	5	1	6	17	10	-4	-2	4
Part-time/temporary employment	-6	-10	-4	-8	8	4	10	-8	4	2	-4	-1	-2
Wages and benefits	45	42	44	38	44	51	51	49	52	46	37	47	40
Inventory levels	-11	-3	-2	6	7	9	5	4	10	1	1	9	-1
Credit conditions/access to credit	-1	-3	0	-3	8	3	-1	2	2	-2	0	-7	-2
Capital expenditures	9	1	14	14	17	19	1	17	25	26	17	12	7
Input prices	54	48	53	51	49	61	70	59	62	70	60	71	63
Selling prices	30	21	30	41	31	33	35	30	33	38	31	37	34