Services Survey

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CONTACT: Sarah Reed
(405) 827-7294
Sarah.Reed@kc.frb.org

Growth in Tenth District Services Activity Cooled in November

Federal Reserve Bank of Kansas City Releases November Services Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the November 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 cooled in November, while expectations for future activity rose moderately.

"Growth in regional services activity eased in November, while expectations for future activity increased moderately driven by higher sales expectations," said Cowley. "Additionally, more than a third of firms plan to increase employment over the next twelve 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 cooled in November, while expectations for future activity rose moderately (Chart 1 & Table 1). Growth in input and selling price indexes slowed from last month and from this time last year.

Business Activity Growth Cooled in November

The month-over-month services composite index was 3 in November, down from 10 in October, and up from 0 in September (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Growth eased in both business and consumer services, driven by modest declines in auto and real estate services. The month-over-month indexes were mixed. The monthly general revenue/sales index fell from 16 to 2 and the employment index declined from 2 to -4, while inventories and capital expenditures increased. The year-over-year composite index ticked up from 8 to 9, and the employment index rose slightly from -16 to -8 but remained negative. Expectations for future activity in services increased moderately from 4 to 20, primarily driven by higher employment and general revenue/sales expectations.

Special Questions

This month, contacts were asked special questions about changes in new hire starting wages and/or salaries and employment expectations. Approximately 40% of firms reported they are raising starting wages/salaries for selected job categories, 24% are not raising starting wages/salaries, 20% are raising starting wages and/or salaries for most job categories, 16% are not actively hiring (Chart 3). Firms were also asked about their employment expectations over the next twelve months. Almost half (45%) of firms expect their firm to leave employment unchanged, 36% of firms expect to increase their employment over the next twelve months, and 19% of firms expect to decrease their employment (Chart 4).

Selected Services Comments

“AI has not replaced roles, but is beginning to complement basic tasks so we are opening up worker capacity and up-skilling those workers to be more customer facing.”

“We have seen an increase in sales this last month and I anticipate this increase to continue as we go into the holidays.”

“AI has the potential for both efficiency, which we are seeing, and new product opportunities which we hope to roll out in next 6 months. It is a game changer for us. But we do have some employees (particularly programmers) that are not using it - resisting change.”

“There is a lot of uncertainty out there right now, locally and nationally.

“While we have reduced our headcount, we have been able to hire folks who want more hours & have more open availability. We are paying them more than we would have paid part-time employees, but it makes for easier scheduling and a more consistent employee & customer experience.”

“AI is influencing the recruiting and hiring process - both in a positive way and in a negative way. There are many more fake profiles out there to sift through. There is a skills gap in developing IT skill sets. People rolling off engagements and they do not have the right skills to be re-employed.

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

	November vs. October (percent)*					November vs. Year Ago (percent)*				Expected in Six Months (percent)*				
Plant Level Indicators	Increase	No Change	Decrease	Diff Index^	SA Index*^	Increase	No Change	Decrease	Diff Index^	Increase	No Change	Decrease	Diff Index^	SA Index*^
Composite Index				1	3				9				23	20
Consumer Services									*5*					
Business Services									*12*					
General Revenue/Sales	34	34	33	1	2	53	13	34	18	55	25	20	34	31
Number of Employees	13	67	20	-7	-4	28	35	36	-8	27	54	19	8	7
Employee Hours Worked	13	67	19	-6	-3	26	49	26	0	30	54	16	13	11
Part-Time/Temporary Employment	6	86	8	-2	-1	9	77	13	-4	8	81	10	-2	0
Wages and Benefits	18	70	11	7	8	68	19	12	56	51	42	7	44	38
Inventory Levels	26	61	13	14	17	29	53	18	12	31	56	14	17	13
Credit Conditions/Access to Credit	6	86	8	-2	-2	11	75	13	-2	11	82	6	5	4
Capital Expenditures	18	71	10	8	8	31	48	21	9	32	57	11	20	19
Input Prices	45	48	6	39	39	79	16	5	74	66	25	8	58	55
Selling Prices	22	67	11	10	8	60	26	14	46	40	50	10	30	24

*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 November survey was open for a seven-day period from November 10-16, 2026 and included 99 responses (62 consumer and 37 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

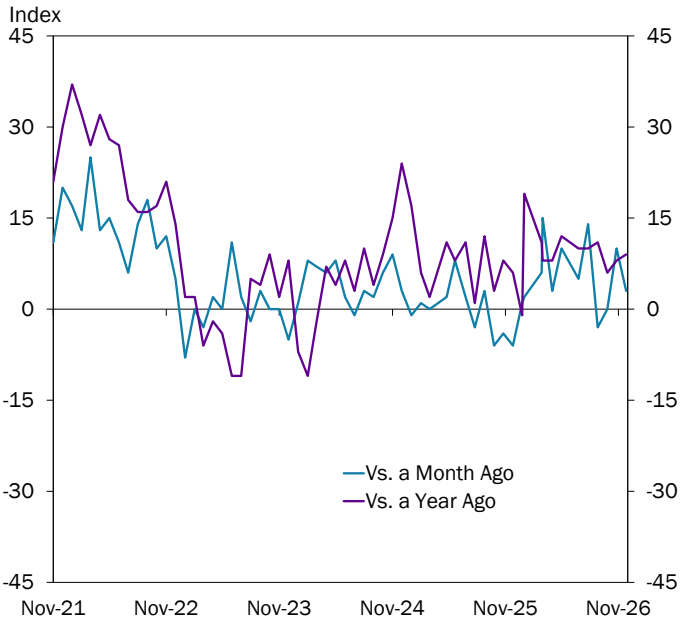


Chart 2. Composite Indexes vs. a Year Ago by Sector

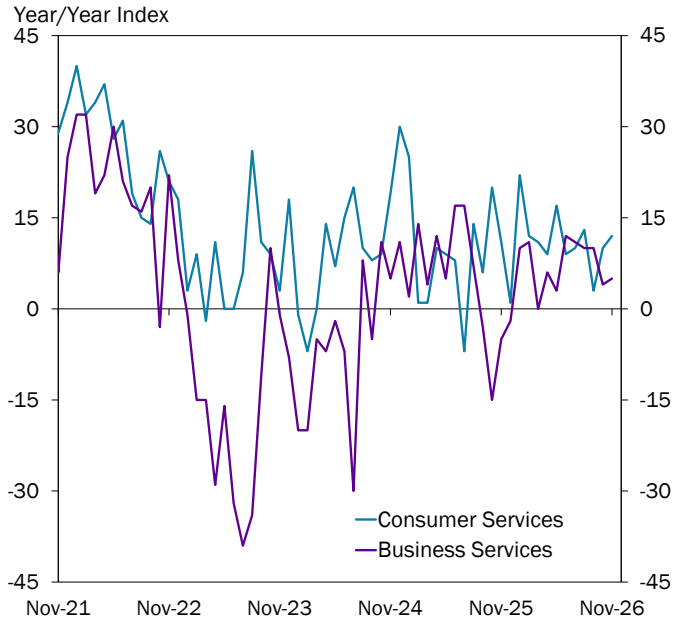


Chart 3. Special Question: Which of the following best describes your use of changes in starting wages and/or salaries to attract new hires?

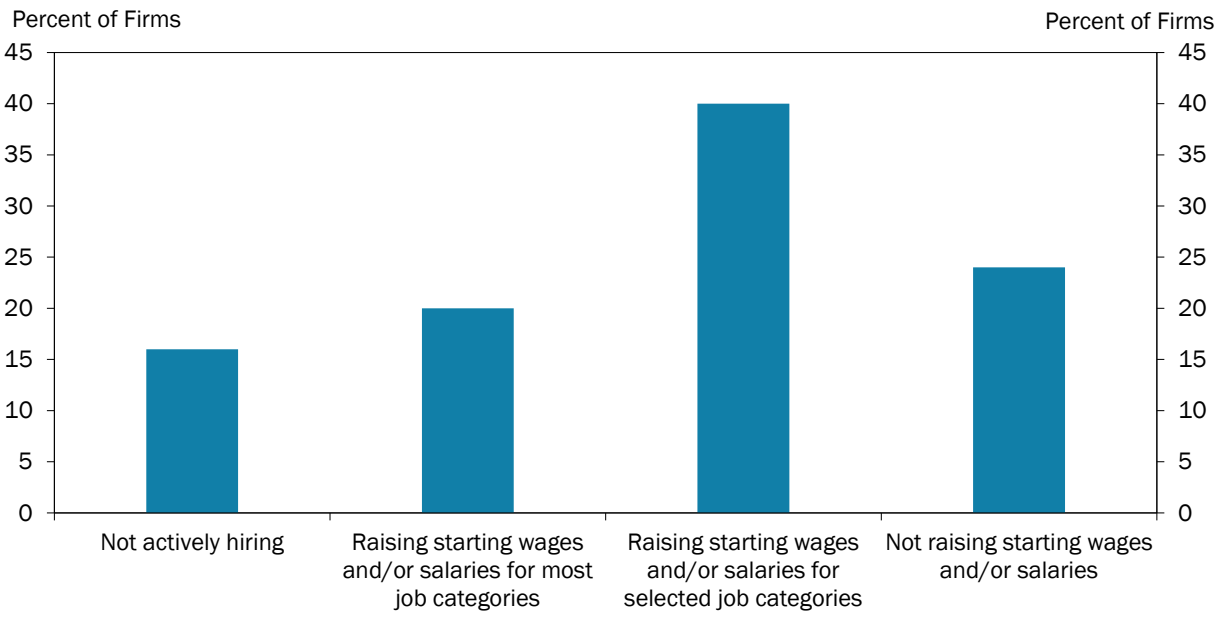


Chart 4. Special Question: Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next twelve months?

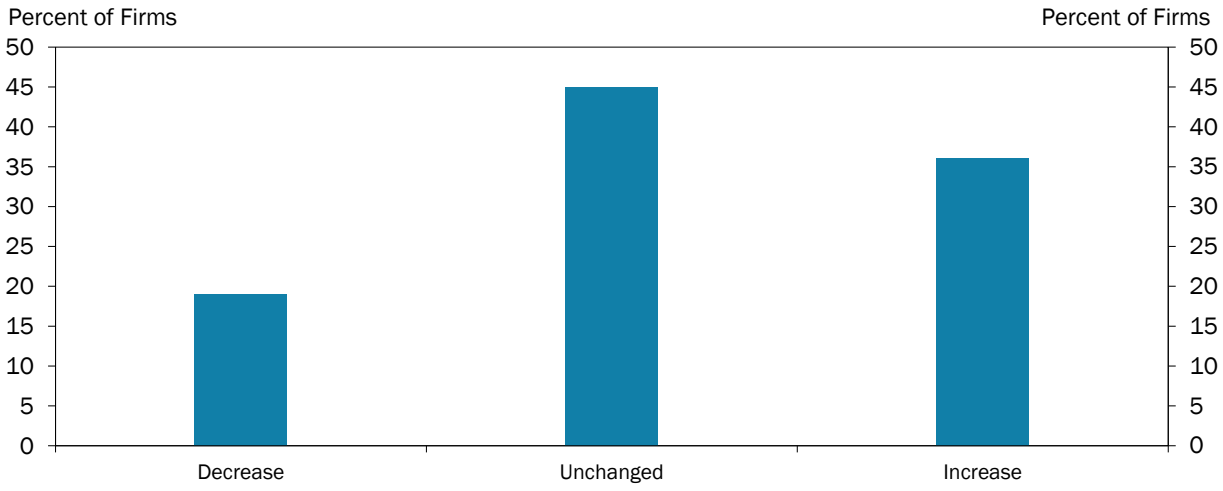


Table 2
Historical Services Survey Indexes

	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Jul'26	Aug'26	Sep'26	Oct'26	Nov'26
Versus a Month Ago (seasonally adjusted)													
Composite Index	-6	1	2	6	15	3	10	5	14	-3	0	10	3
General Revenue/Sales	-3	3	4	15	18	6	12	3	19	0	6	16	2
Number of Employees	-14	-5	-3	-5	7	-5	5	1	4	-4	-10	2	-4
Employee Hours Worked	-9	-10	-7	-1	8	-2	8	8	-1	-5	-5	-3	-3
Part-Time/Temporary Employment	-4	-1	-4	5	3	-1	-5	8	-5	-3	-13	6	-1
Wages and Benefits	24	14	24	17	16	22	18	17	29	24	14	14	8
Inventory Levels	-1	7	3	1	18	9	11	16	14	-7	0	7	17
Credit Conditions/Access to Credit	-4	-2	-1	0	-4	-2	-1	-2	-5	-2	-6	-8	-2
Capital Expenditures	-3	9	18	10	10	8	19	19	24	16	11	5	8
Input Prices	33	38	39	31	45	48	54	51	45	46	53	48	39
Selling Prices	14	11	21	14	19	23	20	16	12	8	21	16	8
Versus a Year Ago (not seasonally adjusted)													
Composite Index	6	-1	19	11	8	8	12	10	10	11	6	8	9
Consumer Services	*11*	*1*	*22*	*12*	*11*	*9*	*17*	*9*	*10*	*13*	*3*	*10*	*12*
Business Services	*-5*	*-2*	*10*	*11*	*0*	*6*	*3*	*12*	*11*	*10*	*10*	*4*	*5*
General revenue/sales	8	0	36	20	12	18	14	9	18	17	13	24	18
Number of employees	-1	-9	-3	-5	0	-6	6	8	2	3	-8	-16	-8
Employee hours worked	-11	-9	-1	-6	-6	-9	4	10	1	-5	1	-4	0
Part-time/temporary employment	-14	-2	-10	5	3	1	-1	1	0	-6	-7	-6	-4
Wages and benefits	66	66	66	63	59	64	64	71	61	64	64	65	56
Inventory levels	9	9	8	14	8	3	15	16	2	10	7	5	12
Credit conditions/access to credit	3	4	2	7	2	4	4	-3	-1	0	2	-8	-2
Capital expenditures	5	9	8	2	5	7	21	18	16	14	15	12	9
Input prices	59	61	63	58	63	81	80	76	72	71	84	83	74
Selling prices	35	33	47	38	42	46	46	43	40	42	45	59	46
Expected in Six Months (seasonally adjusted)													
Composite Index	2	11	15	13	17	22	11	26	24	5	12	4	20
General revenue/sales	7	20	30	21	20	34	16	41	39	12	17	13	31
Number of employees	-4	6	-3	3	16	13	6	11	14	-5	4	-7	7
Employee hours worked	-12	12	-1	6	5	1	6	17	10	-4	-2	4	11
Part-time/temporary employment	-10	-4	-8	8	4	10	-8	4	2	-4	-1	-2	0
Wages and benefits	42	44	38	44	51	51	49	52	46	37	47	40	38
Inventory levels	-3	-2	6	7	9	5	4	10	1	1	9	-1	13
Credit conditions/access to credit	-3	0	-3	8	3	-1	2	2	-2	0	-7	-2	4
Capital expenditures	1	14	14	17	19	1	17	25	26	17	12	7	19
Input prices	48	53	51	49	61	70	59	62	70	60	71	63	55
Selling prices	21	30	41	31	33	35	30	33	38	31	37	34	24