Services Survey

Tenth District Services Activity Declined in January

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Regional services activity fell further in January. Firms also expected a slight decline in future activity, but hiring plans remained moderately positive.

Business Activity Fell Further in January

Tenth District services activity declined in January with expectations for slightly decreased activity over the next six months as well (Chart 1 & Table 1). Indexes for input and selling prices grew at a slightly faster pace in January compared to a month ago, but prices remained well above year-ago levels for most firms. Moving forward, firms expected input prices to grow more slowly and selling prices to increase further over the next six months.

The month-over-month services composite index was -11 in January, down from 0 in December and 12 in November (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The decrease in revenue and sales was driven by a decline in auto, retail trade, real estate, and wholesale trade activity. On the other hand, transportation, tourism, and health services activity increased in January. Several month-over-month indexes decreased in January, with less sales, inventory, hours worked, and lower wages and benefits. The year-over-year composite index decreased from 14 to 2, but employment, wages and benefits, and credit conditions had higher readings than last month. Expectations for future services activity slowed in January, and the composite index decreased from 4 to -2.

Special Questions

This month contacts were asked special questions about demand for products and expectations for capital expenditures. In January, 42% of firms expected demand for their products to be higher in 2023 compared to last year, while 16% of firms expected no change in demand for their products, and 42% of firms expected demand for their products to be lower in 2023 compared to last year (Chart 2). About 38% of firms expected capital expenditures to be higher in 2023 compared to last year, while 36% of firms expected no change in in capital expenditures, and 26% of firms expected capital expenditures in 2023 to be lower compared to last year (Chart 3).

Selected Services Comments

“We saw a slight increase in staffing from our clients beginning in mid-December with little slow down this month.”

“I see positive movement in customer confidence that inflation numbers in the automobile market are returning to normal. I believe that the 3rd quarter of 2023 will mark a positive turning point in the market sectors.”

“As vehicle production increases sales are more competitive and sale price and profit decreases.”

“The market is back to a supply and demand system with little to no overbidding. Existing home sellers are now having to make concessions like offering to pay closing cost and meeting the full demand of repairs. New home builders are also having to offer concessions and lower some prices which to a great extent is due to lower material and labor costs.”

“Headwinds of increasing interest rates, supply chain disruption, construction costs increasing and labor shortages. Development/re-development is the most challenging in 40 years.” “Interest rates are really slowing new home sale and construction.”

“We sense the economy slowing with our retail food industry experiencing 5-6% price inflation across the board. The curve is flattening but it feels like it will take some time for pricing of product cost and customer's willingness to increase spending to find balance.”

“I can see that some prices are coming down, but my expenses are still way too high. I don't know how high I can raise menu prices before it affects my customer counts, thus affecting my bottom line.”

Survey Data

Current Release

Historical Monthly Data

About the Services Survey
