Services Survey

Tenth District Services Activity Increased Significantly in June

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District services activity increased significantly in June. In contrast, expectations for future activity edged lower as price increases continued.

Business Activity Increased Significantly

Tenth District services growth increased significantly in June, while expectations for the next six months declined slightly (Chart 1 & Table 1). Input price indexes remained high over the last month and were up from this time last year, while selling prices have picked up moderately from last month. Looking forward, firms expect an uptick in prices in the next six months.

The month-over-month services composite index was 14 in June, up from 3 in May and 7 in April (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The revenue and sales growth was driven primarily by restaurants and retail. In contrast, autos, transportation, real estate, and education services declined in June. All month-over-month indexes grew and remained expansionary, except input prices which plateaued at 30 and access to credit which declined back to negative territory. The general revenues/sales index increased substantially from 4 to 20, and the inventory levels, employee hours worked, and wages & benefits indexes all increased moderately. The year-over-year composite index declined from -4 to -11, driven mostly by decreases in employment and inventory levels as revenues remained steady. Expectations for services activity declined slightly in June, with the composite index declining from 6 to -4.

Special Questions

This month contacts were asked special questions about expected demand, as well as hiring and employment activity. In June, a narrow majority of firms (56%) expected higher demand for their firm's products for the remainder of 2023, while 19% expected no change and 25% expected lower demand (Chart 2). Additionally, 81% of firms reported they have not lowered hiring and employment activity in the last 3 months and do not plan to in the next 6 months; namely, they have not stopped posting new positions and looking for new workers, reduced the number of hours for hired workers, or laid off workers (Chart 3).

Selected Services Comments

"Interest and inflation are too high. Sales are too low. Profit margins are squeezed."

"Right now, most truckers are hauling, at least some, loads at rates below their cost per mile."

"Lack of workforce is still a major issue."

"We are operating on a skeleton crew. With interest increases and cost of doing business increasing, we are not wanting to hire any excess employees."

"We have adopted a more work-at-home model for many positions and vacated rented properties (office space) at lease end across the enterprise. This may be a permanent change."

Survey Data

Current Release

Historical Monthly Data

About the Services Survey

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Chase Farha is a Research Associate in the Regional Affairs department at the Oklahoma City branch of the Federal Reserve Bank of Kansas City. In this role, his responsibilities include contributing to the Oklahoma Economist and a variety of research projects. He holds a Bachelor of Science degree in Economics, with minors in mathematics and Arabic, from Tulane University.