



Services Survey

Tenth District Services Activity Remained Flat in August

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District services activity was largely unchanged in August. Input costs increased more than selling prices, but employment activity picked up slightly.

Business Activity Remained Flat

Tenth District services activity remained flat in August, and expectations for the next six months continued to grow modestly (Chart 1 & Table 1). District firms held selling prices constant even as input prices increased further. Contacts continue to expect input prices to increase at a faster pace than selling prices.

The month-over-month services composite index was -1 in August, unchanged from -1 in July and down from 14 in June (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Wholesale firm revenues increased substantially, while autos and retail trade declined significantly. Most month-over-month indexes stayed fairly constant. However, the general revenues/sales index decreased further from -1 to -7, while employment increased from -4 to 4. The part-time/temporary employment and selling prices indexes also decreased from previous readings. The year-over-year composite index increased to 5 from -11, as declines in revenues moderated and employment and inventories picked up. Expectations for services activity remained unchanged at a reading of 4 as firms anticipate steady revenue and increases in employment and inventories to continue.

Special Questions

This month contacts were asked special questions about changes in wages and prices. Roughly one-third of firms reported that wages increased by less than 5% or did not change in the last year, while about one-third of firms reported a 6-10% increase and nearly one-third reported an 11-20% increase. However, in the coming year, nearly half of firms expect wages to increase by less than 5%, while 22% expect wages to decrease or stay the same and 30% expect a 6-20% increase (Chart 2). Similarly, 38% of firms reported that prices for their products or services increased by 6-10% since the beginning of the year, while 38% reported an increase of less than 5% or no change, and 16% reported an 11-15% increase. In the next 12 months, 44% of firms anticipate their prices will increase by less than 5%, 30% of firms expect a 6-10% increase, and 19% expect prices to hold steady (Chart 3).

Selected Services Comments

“It's feeling better, but summer weather and massive travel had negative effects. People are still purchasing for their homes in our upper/middle market.”

“Shortage of service industry employees. Several large building projects coming to area in near future will put even more pressure on available employees.”

“Extreme slowdown in volume.”

“The real estate market has shown surprising resilience even with rates continuing to climb. However, homebuyers are setting their price targets lower because the monthly payment means more than the size of the home.”

“Expect a static 2023 and looking towards a more stable and profitable 2024.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

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