



## Services Survey

# Tenth District Services Activity Was Mostly Unchanged in September

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District services activity was basically flat again in September. Input cost increases continued to far outpace selling prices, while employment declined slightly and was not expected to rebound in coming months.

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## Business Activity Was Mostly Unchanged

Tenth District services activity was mostly unchanged in September, and expectations for the next six months remained steady (Chart 1 & Table 1). District firms increased selling prices moderately as input costs grew significantly and expect this trend to continue in the next six months.

The month-over-month services composite index was 2 in September, up slightly from -1 in August and July (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Revenues in both wholesale and retail trade, as well as restaurants, declined this month. However, healthcare services and tourism revenues increased. All month-over-month indexes rose from previous readings, except the employment index which turned negative and capital expenditures which cooled but remained expansionary. General revenue/sales grew slightly from last month after declining for the past two months and inventory levels continued to increase, while access to credit declined further. The year-over-year composite index ticked down to 4 from 5, as employment growth cooled while revenue stayed steady. Expectations for services activity also ticked down to 3 from 4 due to expectations of stagnant employment growth heading forward.

## Special Questions

This month contacts were asked special questions about the qualifications of new applicants. A majority of firms reported no change in the overall qualifications of applicants for open positions across all job categories over the last six months.

Approximately one-third of firms reported their applicants for all categories have become less qualified (Chart 2). Similarly, around 45% of contacts reported that new applicants have less experience and relevant job skills compared to six months ago, while another 45% reported no change, and an additional 10% reported more experience and job skills. A slight majority reported decreased reliability from new applicants, 36% reported unchanged reliability, and 11% saw increased reliability. However, just over two-thirds of firms reported no change in the educational attainment of new applicants, while about a quarter reported seeing lower educational levels, and just 4% said applicants had more education (Chart 3).

## Selected Services Comments

“We are finding that several of our clients are taking longer to pay their invoices which makes it difficult for a small business like us to retain a required liquidity level.”

“Small businesses seem to have more challenges than ever. We can't get inventory or employees.”

“It seems that inflation and input prices are decreasing. I think retail consumers are still reluctant to acquire long-term debt. Sales and profit are down, but I feel that the economy will rebound by the holidays.”

“Sales are soft and remain sluggish and are trending down slightly. Any increase in sales has more to do with inflation and cost of goods increase rather than innovation of equipment, software, or mechanical productivity

items.”

“Our sales and expected future sales remain strong since Spring 2021.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

## Author



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