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.

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
Chad Wilkerson
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Chad Wilkerson serves as Oklahoma City Branch Executive and Senior Vice President of Community Development for the Federal Reserve Bank of Kansas City. Wilkerson has been with the Federal Reserve since 1998, starting in Kansas City’s research department. Appointed in 2006 as Oklahoma City Branch Executive, Wilkerson is the Bank’s lead officer and regional economist in Oklahoma. He recruits and works closely with the Oklahoma City Branch Board of Directors and is responsible for briefing the Kansas City Fed president, a member of the Federal Open Market Committee, on economic trends in the state. His team conducts research and surveys on key regional issues such as energy, manufacturing and migration. Wilkerson was appointed Senior Vice President in 2022, and supports a Community Development team located across the Kansas City Fed’s seven-state region. This group works to understand and address issues affecting the ability of underserved communities and small businesses to access credit. Community development focus areas include financial resiliency, affordable housing, community investments, workforce development, rural development and digital inclusion. Wilkerson holds a master’s degree in public policy from the University of Chicago, as well as a master’s degree from Southwestern Seminary and bachelor’s degree from William Jewell College. He serves on the boards of the Economic Club of Oklahoma, the United Way of Central Oklahoma and City Rescue Mission. He lives in Edmond, Oklahoma, with his wife and children.

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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.
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https://www.kansascityfed.org/surveys/services-survey/tenth-district-services-activity-was-mostly-unchanged-in-september/