



## Services Survey

# Tenth District Services Activity Continued to Remain Flat in November

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District services activity stayed flat again in November. Prices for both input and selling prices rose slightly, while employment decreased from last month but is expected to rebound in future months.

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## Business Activity Held Constant Again

Tenth District services activity remained flat in November, and expectations for the next six months increased modestly (Chart 1 & Table 1). Prices for inputs and selling prices rose modestly and are expected to continue to increase heading forward.

The month-over-month services composite index was 1 in November, up slightly from -1 in October and basically unchanged from September (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Revenues in real estate, professional services, and healthcare increased this month, while they declined in wholesale and retail trade, autos, and tourism. Most month-over-month indexes generally increased slightly from previous readings, except the employment index which decreased from 5 to -2. General revenue/sales increased after a slight decrease last month, and capital expenditures recorded the highest level since June 2022. The year-over-year composite index cooled from 9 to 2, and the employment index also edged slightly lower. Expectations for services activity also rose from 7 to 13, as firms are more optimistic about revenues for the next six months.

## Special Questions

This month contacts were asked special questions about employment plans and labor market conditions. The top three reasons affecting firms' plans to increase employment remained unchanged from November 2022. About 71% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving an increase in employment plans (Chart 2). Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff. Over 56% of firms cannot find workers with required skills which is the number one reason for restrained hiring plans followed by high labor costs at 41% (Chart 3). Firms top three reasons for restraining hiring plans changed from last year, with 40% of firms now wanting to keep operating costs low rather than uncertainty about other regulations or government policies.

## Selected Services Comments

"We are experiencing lower than expected revenue growth due to a software vendor policy change which affects new customers. Our existing customers demand remain strong."

"Besides being in the typical 4th quarter slowdown, the market is also nervous about the government shutting down and this creates a crisis of confidence in making large purchases."

"People are not buying because they do not want to pay the higher interest rate and higher cost of vehicles."

"It appears that many of our clients are hiring less or not outsourcing their staffing needs."

"Single family house permits include many more rental single-family homes than in the past."

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

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## Author



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