



## Services Survey

# Tenth District Services Activity Declined Moderately in December

by: , Chase Farha and Jannety Mosley

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Tenth District services declined moderately in December, and expectations for the next six months stagnated. Price growth cooled significantly versus the previous month, with selling prices falling into negative territory for the first time since May 2020. Heading forward, price increases are expecting to continue easing, but input prices are still expected to grow faster than selling prices.

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### Business Activity Declined Moderately

The month-over-month services composite index was -10 in December, down from 1 in November and -1 in October (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The decrease was primarily driven by declines in tourism, retail, and autos. Most month-over-month indexes were negative and decreased from previous readings. General revenue/sales decreased from 3 to -17 and inventories fell from -1 to -8. Employment levels were essentially flat, and wages and benefits remained expansionary. The year-over-year composite index increased from 2 to 8, as revenues and employment grew further. Expectations for services activity declined to -1 from 13. Firms anticipate a slight decline in revenues and inventories amid increasing employment in the next six months.

### Special Questions

This month contacts were asked special questions about expectations for demand and capital expenditures in 2024. 44% of firms expect demand for their products to be slightly higher in 2024 and 7% expect it to be significantly higher, while 24% of firms expect no change, 21% expect slightly lower demand, and 4% expect significantly lower demand (Chart 2). 38% of firms expect capital expenditures to be unchanged in 2024, while 27% expect them to be slightly higher and 13% significantly higher. Only 11% of firms expect to capital expenditures to be slightly lower and another 11% expect significantly lower expenditures (Chart 3).

### Selected Services Comments

Delivery costs up 7% in 2024 and then cost of goods going up as well.”

“Higher interest is hurting sales as payments have gotten too high. Electric vehicles have slowed.”

“Our markets are in the midst of a multi-year minimum wage increase—each year more than 12% increase. 75% of our workforce are ages 15-22 part-time staff.”

“Obtaining enough used vehicle inventory is extremely difficult even though prices are coming down.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

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## Author



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