



Tenth District Services Activity Grew Somewhat in August

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District services activity grew somewhat in August as sales among business and professional firms rebounded. Business sentiment for the near future is high, as the expectations index reached its highest level since November 2022.

Business Activity Grew Somewhat

Tenth District services activity grew somewhat in August and expectations for the future increased moderately (Chart 1 & Table 1). Selling prices increased after staying flat last month, but are still growing at a slower pace than input prices.

The month-over-month services composite index was 5 in August, up from -4 in July and 2 in June (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Growth slowed in the consumer services sector, particularly in wholesale and hospitality, while business and professional activity expanded following a decline last month. The month-over-month indexes were mixed, with the three employment indexes, inventories, and access to credit falling while sales and other indexes posted positive readings. The general revenue/sales index made a full rebound from last month, increasing from -16 to 17. The year-over-year composite index rose from 3 to 10, also driven by revenues. Capital expenditures continued to expand at a modest pace. The composite expectations index for services activity expanded to its highest level since November 2022 at 15, as the revenues/sales expectations index climbed to 27.

Special Questions

This month contacts were asked special questions about plans for hiring and capital expenditures as well as transportation costs. 10% of firms report they expect to hire more workers by the end of 2024 than they had originally planned at the beginning of the year, while 27% expect to hire less workers and 63% of firms' plans are unchanged. Additionally, 12% of firms expect more capital expenditures by the end of the year than originally planned, 30% expect less, and 58% have unchanged plans (Chart 2). Contacts were also asked about transportation costs. In the last 6 months, transportation costs have increased significantly for 24% of firms, increased slightly for 36%, remained unchanged for 34%, and decreased slightly for 6%. In the next 6 months, 16% of firms expect transportation costs to increase significantly, 32% expect a slight increase, 46% expect no change, 4% expect a slight decrease, and 2% expect a significant decrease (Chart 3).

Selected Services Comments

“Many of our clients are using less outsource staffing and it is becoming difficult to find those businesses that need to outsource their staffing.”

“Commodity lumber prices are at lower levels and manufacturers are trying to limit production so prices will increase; so far their efforts have not worked. Look for slightly higher prices for the next year but not dramatic increases. More single family for rent homes have been built than this market has seen in the past. Some multifamily projects are on hold until better financing is available. Occupancy rates in this market still seem to be good.”

“The high cost of interest on our loans are having a very negative effect on our net profit. The cost of interest and inflation are driving layoffs throughout our sector.”

“Transaction counts continue to be down, creating more uncertainty over the past several months. It appears the consumer is tightening their budgets.”

“Consumers are more price conscience and are looking at ways to save money.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

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