



## Tenth District Services Activity Rose Modestly in October

by: and Chase Farha

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District services activity increased after easing last month, as revenues and sales improved along with higher employment levels. Firm's expectations for future growth were more positive this month as well, with a moderate increase in capital spending plans.

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### Business Activity Rose Modestly

Tenth District services activity rose modestly in October, and expectations for future activity rebounded (Chart 1 & Table 1). Input price growth slowed somewhat this month, while selling prices inched higher.

The month-over-month services composite index was 5 in October, up from -2 in September and equal to 5 in August (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Wholesale trade, professional, and business services saw the largest increases, while retail, restaurants, and tourism sectors declined. Revenues improved over last month, as the month-over-month index increased from -1 to 7. Employment jumped from -5 to 4, and the employee hours and wages and benefits indexes also rose. The year-over-year composite index increased from 4 to 9, as revenues and employment growth accelerated while access to credit declined. Capital expenditures growth edged up from 18 to 23. The composite expectations index for services activity rebounded from 7 to 14 after cooling somewhat last month.

### Special Questions

This month contacts were asked about demand and profit margin expectations. Most firms (47%) said their demand expectations were slightly higher for 2025 compared to 2024, while 31% expect no change, 14% expect them to be slightly lower, 6% indicated significantly higher, and 2% said significantly lower (Chart 2). Firms were also asked how profit margins compared to pre-pandemic levels, and how they expected them to change in 2025. 33% of firms reported slightly higher margins compared to pre-pandemic levels, while 29% reported slightly lower, 19% reported significantly lower, 12% no change, and 7% significantly higher (Chart 3). In addition, 35% of firms expected no change to margins in 2025, with 31% slightly lower, 25% slightly higher, 7% significantly lower, and 2% significantly higher.

### Selected Services Comments

"Higher rates have positively affected idle funds earnings, which has offset increased capital acquisition cost."

“We have good cash reserves. Interest rates are a consideration but not a major component of our decision-making processes.”

“I think the recent interest rate change was helpful, but I think a 3/4 % additional cut before December would be a huge gain for small business owners. I feel an additional rate decrease would lower our input prices and relieve some pressure on our commercial loan borrowing.”

“We are able to pass 100% of the increased cost of inputs from a material standpoint onto the customers, however, our increased labor costs have not been as easily passed onto customers. We have slowed down on capital expenditures related to growth and only been making the purchases that we deem necessary.”

“Lower grain prices have affected the purchasing power from farmers. Sales have dropped off over 30% and we do not see a rebound until prices come back up.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

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## Author



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