



Tenth District Services Activity Fell Modestly in January

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Regional services activity declined slightly in January. However, capital expenditures increased moderately, and firms continue to anticipate future growth.

Tenth District Services Activity Fell Modestly

Tenth District services activity fell modestly in January, while expectations for future activity remained expansionary (Chart 1 & Table 1). Input and selling price growth increased from last month but cooled slightly from this time last year.

The month-over-month services composite index was -4 in January, down from 4 in December and 8 in November (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The decline from last month was driven more by the consumer sector, particularly autos, retail, and tourism. General revenue/sales fell from 5 to -8 this month, while employment was essentially flat with a reading of -1. All year-over-year indexes were positive, except for access to credit. However, the composite index cooled from 24 to 17. Growth eased from this time last year for both the consumer and business services sectors, but the consumer composite index remains higher than the business index with a reading of 25 (Chart 2). Capital expenditures continued to increase moderately from a year ago. Expectations for future services activity stayed positive, as firms continue to anticipate increasing revenues and employment levels.

Special Questions

This month, contacts were asked special questions about their imports and exports. Most firms (79%) reported that 0% of their services are sold outside of the U.S., while another 16% reported they sell 1% - 25% of their services outside the U.S. However, only 35% of firms reported that 0% of their inputs are sourced from outside the U.S., while 38% reported 1% - 25%, 18% reported 26% - 50%, 6% reported 51% - 75%, and 2% reported 76% - 100% (Chart 3). Most firms (61%) do not anticipate any change in the share of their inputs or products sourced from outside of the U.S. in the next year, while 20% expect the share to decrease slightly in the next year and 13% expect it to increase slightly. Nearly half (47%) of firms do not expect any change in the share in the next 3 years, while 24% (20%) expect it to decrease (increase) slightly, and 6% (3%) expect it to decrease (increase) significantly (Chart 4).

Selected Services Comments

“We are still seeing a decrease in our clients outsourcing their workforce. We are not sure if business is slow, or if they are attempting to recruit on their own. We also see less quality candidates in the job platforms that we utilize along with a higher cost to utilize these platforms. It's getting to a point that the return on investment to utilize these recruiting platforms is ineffective for us.”

“We are anticipating a slight uptick in coal mining as evidenced by the sale of new machines to this sector. The players remaining are setting up to maintain current production levels and replace machines.”

“Our retail sales are off this month, which is normal following the Holiday season, but I expect sales to increase sharply as we get into the February tax refund season.”

“People are now starting to stop in and asking if any jobs are available.”

“Our Business seems to be very slow right now, slower than most Januarys. I think there is just too much uncertainty out there right now.”

“Economy slowing and interest and insurance rates are high.”

“Artificial Intelligence (AI) is becoming a game changer for us. We are doing a lot more with same people by empowering AI.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

Authors



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