



## Tenth District Services Activity Grew Moderately in May

by: Megan Williams and Chase Farha

May 23, 2025

Tenth District services activity grew moderately in May, and expectations for future activity remained elevated. Input price growth cooled from high readings in previous months, while selling prices growth ticked up.

---

### Business Activity Grew Moderately in May

The month-over-month services composite index was 11 in May, up from 3 in April and 0 in March (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in tourism, wholesale trade, and professional services increased, while retail trade and autos saw declines. All month-over-month indexes were positive except access to credit. General revenue/sales accelerated from 4 to 14, and employment and employee hours also increased to 10 and 9, respectively. Access to credit continued to decline modestly at -4. Year-over-year growth ticked down but remained positive, as growth in business services softened while staying mostly steady in the consumer sector (Chart 2). Revenues and employment growth cooled from last month's readings, but capital expenditures accelerated from 9 to 19. Expectations for future services activity remained expansionary, with expectations for revenue easing while employment increased.

### Special Questions

This month contacts were asked special questions about their firm's hiring and capital expenditures plans. Over half (58%) of firms reported their hiring plans for the remainder of 2025 have not changed since the beginning of the year, while 30% expect them to decrease and 12% expect to increase hiring plans. Similarly, 53% of firms have not changed their capital expenditures plans since the beginning of the year, while 26% expect them to decrease and 21% expect them to increase (Chart 3). Firms were also asked if they are changing their prices more frequently compared to last year. Nearly half (46%) reported they have not changed the frequency with which they change prices, while 34% reported they are changing prices somewhat more often and 15% reported they are changing them much more often. Another 4% reported their prices are changing somewhat less often, and 1% reported changing much less often (Chart 4).

## Selected Services Comments

“Economic uncertainty remains, and financial forecasting and business planning continues to be challenging in these volatile periods.”

“We want to keep our cash levels higher to insulate ourselves a bit more for uncertainty.”

“Commodity lumber prices rose with expectation of tariffs and were slow to drop after tariffs were not imposed. Prices then started to drift lower on lumber and oriented strand board.”

“Business in very good across all product and service lines.”

“Business has seemingly softened since Q4 2023.”

“We have experienced input prices declining in our parts and inventory costs. The cost of shipping remains higher than normal, but as fuel prices decrease, I anticipate this cost to decrease.”

“Credit seems more accessible, however construction and supply costs are rising and changing frequently so it is much more difficult to plan larger projects. Makes us hold off.”

“We import a lot of goods from China and have responded to tariffs by holding all finished items in China until we have clarity on the 145% tariff. Once it was reduced to 30%, we put multiple containers on the water of finished items. We are actively raising prices to our customers as these new items will be in inventory in the next 30-60 days at a higher cost to us as the importer pays the tariffs.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

---

## Authors



### Megan Williams

#### Associate Economist and Senior Manager

Megan Williams is Associate Economist and Senior Manager in the Regional Affairs department at the Kansas City Fed's Oklahoma City Branch office. In this role, she is responsible for current monetary policy research, district economic surveys, and a variety of economic research projects. She also serves as Secretary for the Oklahoma City Branch Board of Directors. Williams joined the Federal Reserve Bank in 2000 as an Analyst in the Retail Payments Support department, and assumed her current role in March 2006. She holds a bachelor's degree in Finance from Oklahoma State University and a MBA degree from the University of Oklahoma. Williams serves on the Board of Directors of the Oklahoma Council on Economic Education and is a former Board Chair. She lives in Choctaw, Oklahoma, with her husband and two children.



### Chase Farha

#### Research Associate

Chase Farha is a Research Associate in the Regional Affairs department at the Oklahoma City branch of the Federal Reserve Bank of Kansas City. In this role, his responsibilities include contributing to the Oklahoma Economist and a variety of research projects. He holds a Bachelor of Science degree in Economics, with minors in mathematics and Arabic, from Tulane University.