



Tenth District Services Activity Expanded Moderately in November 2019

by: Chad Wilkerson

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Tenth District services expanded moderately in November and expectations for future growth also increased.

Business expanded moderately in November

Tenth District services activity expanded moderately in November and expectations for future growth also increased (Chart 1).

Input and selling price indexes continued to increase, and at a faster pace compared with a month ago and a year ago.

Expectations for future selling prices also rose.

The month-over-month services composite index was 10 in November, up from -5 in October, but slightly lower than 16 in September (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Almost all of the month-over-month indexes increased in November. The indexes for employment, employee hours, and inventories all rebounded back into positive territory. The general revenue/sales index also jumped up, driven by increased retail, wholesale, real estate, and restaurant activity. Year-over-year services indexes also grew, as the composite index picked up from 21 to 31 compared to last month. Overall expectations for future services activity expanded from 20 to 29, the highest expected composite index in over a year.

Special questions

This month contacts were asked special questions about employment plans and changes in wages and salaries to attract or retain employees. Exactly 48 percent of District business contacts expected their firms to leave employment unchanged over the next 12 months, and another 48 percent expected their firms to increase employment levels (Chart 2). Over 34 percent of contacts indicated they were increasing wages and/or salaries for most job categories by more than in previous years to attract new hires, and 33 percent of contacts indicated they were increasing wages and salaries for most job categories in order to retain existing employees (Chart 3). Additionally, 38 percent and 36 percent of firms reported increased wages and salaries for selected job categories by more than in the past few years in order to attract new hires or retain existing employees, respectively.

Selected Services comments

"Qualified employees are becoming hard to find. Also, new employees are not motivated."

"Immigration (lack of policy) continues to put strain on the technology labor markets."

"The economy seems to be slowing due to political uncertainty and corporate caution in spending budgeted monies. We are building cash reserves."

"Our business has been very strong, the outlook for future business from our customers is very positive. We will hire and subsequently purchase additional equipment once we are able to hire more [workers]."

"Trying to predict the future has never been harder."

"In terms of recruitment and retention... regardless of credentials, there is still a need to train to the position or on-board. Technology has decreased productivity not increased productivity and it has added to retention challenges. We have transitioned to a new electronic system so have had to spend more on salaries the past few months but saw less in revenue the past two months."

"Better start to this month."

"The fall market overall has been stronger than I have seen it in the last five years."

"Energy business employment decrease is a drag on [our industry]."

"For some positions we are offering \$1 or more per hour more than last year for those jobs."

"Over the last year we have moved hourly wage rates up \$2-5 per hour."

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

Author



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Chad Wilkerson serves as Oklahoma City Branch Executive and Senior Vice President of Community Development for the Federal Reserve Bank of Kansas City. Wilkerson has been with the Federal Reserve since 1998, starting in Kansas City's research department. Appointed in 2006 as Oklahoma City Branch Executive, Wilkerson is the Bank's lead officer and regional economist in Oklahoma. He recruits and works closely with the Oklahoma City Branch Board of Directors and is responsible for briefing the Kansas City Fed president, a member of the Federal Open Market Committee, on economic trends in the state. His team conducts research and surveys on key regional issues such as energy, manufacturing and migration. Wilkerson was appointed Senior Vice President in 2022, and supports a Community Development team located across the Kansas City Fed's seven-state region. This group works to understand and address issues affecting the ability of underserved communities and small businesses to access credit. Community development focus areas include financial resiliency, affordable housing, community investments, workforce development, rural development and digital inclusion. Wilkerson holds a master's degree in public policy from the University of Chicago, as well as a master's degree from Southwestern Seminary and bachelor's degree from William Jewell College. He serves on the boards of the Economic Club of Oklahoma, the United Way of Central Oklahoma and City Rescue Mission. He lives in Edmond, Oklahoma, with his wife and children.
