



Tenth District Services Activity Declined Modestly in October 2019

by: Chad Wilkerson

October 25, 2019

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Business declined modestly in October

Tenth District services activity declined modestly in October, while expectations for future growth expanded (Chart 1). Input and selling price indexes continued to rise, but at a slower pace compared with a month ago and a year ago, and expectations for future selling prices remained high.

The month-over-month services composite index was -5 in October, down from 16 in September and 17 in August (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Most month-over-month indexes decreased in October. The indexes for employment, employee hours, and inventories dropped into negative territory. The general revenue/sales index also fell, driven by lower retail, auto, transportation, restaurants, and tourism activity. However, the part-time employment, wages and benefits, and capital expenditures indexes remained positive, and the access to credit index increased slightly in October. Year-over-year services indexes slowed somewhat, as the composite index declined from 26 to 21 compared to last month. Overall expectations for future services activity expanded from 18 to 20, in part due to the increase in expected inventory levels.

Special questions

This month contacts were asked special questions about capital investment decisions and difficulties hiring employees. Nearly 41 percent of regional manufacturing contacts indicated that future demand expectations were the primary driver for capital investment decisions (Chart 2). Over 36 percent of contacts reported the need to replace existing plant and equipment was the primary driver for investment decisions, and another 15 percent said economic/political uncertainty was the main factor. In regards to filling positions, 48 percent of firms said they had difficulty hiring workers over the past three months because of a lack of qualified applicants (Chart 3). Only 23 percent of contacts noted they did not have difficulty hiring workers over the past three months.

Selected Services comments

“Immigration issues are impacting our ability to grow. High-end tech workers’ H1 visa issues are shortening the supply and making it hard to grow.”

“Consumer confidence seems to be very high in relationship to the last decade. We feel confident that our company can make needed capital investments in our business without worrying about tax rates escalating over the next 4 years.”

“Things seem a little slower than a year ago so we are trying to adjust without getting caught off guard. It’s very difficult to guess this year.”

“So much economic uncertainty. Tariffs, military action, lack of direction in White House.”

“Health care expenses are still a major concern as an employer and an employee.”

“Our business continues to expand requiring additional employees that results in more hours.”

“Can’t get high quality, high tech employees, so to accomplish our goals... current employees are working longer hours.”

“Shortage of workers have caused an increase in hours worked by existing staff and adding new workers for new stores.”

“No new employees hired. 20 interviewed. 8 hired... NONE SHOWED. Amazing isn’t it.”

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.
