



## Tenth District Services Activity Increased Moderately in April 2019

by: Chad Wilkerson

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### Business Increased Moderately in April

Tenth District services activity increased moderately in April after dropping in March, with solid expectations for future growth (Chart 1). The input price index inched up while the selling price index declined, and business contacts expect prices to continue to expand.

The month-over-month services composite index was 12 in April, rebounding from -2 in March, and higher than 10 in February (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Most month-over-month indexes rose, and several indexes jumped back up into positive territory. In fact, the month-over-month access to credit index edged above zero for the first time in six months. The general revenue/sales index increased considerably in April, driven by expansion across most industries, but especially retail and transportation activity. The year-over-year services indexes also expanded in April, but at a slightly slower pace. Compared with a year ago, the services composite index eased down from 21 to 17, and the input price index fell to 24, the lowest reading since 2016. Expectations for future services activity edged lower but remained positive, with the future composite index dipping from 23 to 16.

### Special Questions

This month contacts were asked special questions about the impact of flooding and extreme weather on their business, as well as the effect of interest rate changes on their expectations for capital spending. About 29 percent of business contacts indicated flooding and extreme weather had negatively affected their business activity in recent months (Chart 2). Most firms also indicated their capital spending plans have not been affected by the recent movements in interest rates (Chart 3). As a result of recent interest rate changes, only 7 percent of firms noted increased capital expenditures and less than 10 percent reported decreased expenditures.

## Selected Services Comments

“Q2 is starting better. A bad 2018 Q4 stock market/401k reports coupled with poor weather in Q1 hurt. Spring is feeling better and we see more activity.”

“We had to close several stores for a few days here and there due to the weather. Also had to pay for employee hotels or Uber rides because they could not commute in the snow.”

“YTD 2019, we have experienced more than double the amount of normal bad weather days.”

“The weather has had a major impact on employees... from their commutes due to roads and bridges being out, to some losing their entire homes.”

“Some supplies had to be returned because of damage due to flooding.”

“Roads have been closed more often. First time in 23 years my delivery trucks delayed 3 times 2 days each time due to road closures.”

“Because the weather has been generally bad everywhere, that has caused some delays, which has been offset by lower demands. If we were operating with more normal weather, transportation would have been much more of a problem.”

“Fuel increases are being passed on, and our delivery trucks have driven extra miles to deal with road closures.”

“Interest rate changes are small enough that we continue to move forward at this point with all our CAPEX plans.”

“We will be spending about 15% or 20% more on capital expenditures in 2019 vs. 2018. Not concerned about modest increases in rates. Credit terms from banks continue to be borrower friendly.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

## Author



### Chad Wilkerson

#### Senior Vice President and Oklahoma City Branch Executive

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.

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