



Tenth District Services Activity Expanded Modestly in June 2020

by:

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Business Activity Expanded Modestly in June

Tenth District services activity expanded modestly in June after dropping sharply in previous months, but activity still remained much lower than a year ago. (Chart 1 & Table 1). Expectations for future activity recovered somewhat. The input price index jumped higher and the selling price index also rose in June. Firms expected both input and selling prices to continue to increase over the next six months.

The month-over-month services composite index was 3 in June, steadily rebounding from -21 in May and the historic low of -58 in April (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Month-over-month indexes were mixed in June. While the part-time employment, inventory levels, access to credit, and capital expenditures indexes continued to decrease, general revenue and sales as well as wages and benefits increased. The monthly indexes for employment and employee hours also inched up. The uptick in the general revenue/sales index was driven by increased activity for retail, travel, tourism, transportation, and restaurants. However, most year-over-year services indexes remained negative in June, and the year-over-year composite index moved from -41 to -32. Expectations for future services activity recovered somewhat, increasing from -2 in May to 9 in June.

Special questions

This month contacts were asked special questions about lending assistance programs and the effects of COVID-19 on revenue and employment. A significant majority, 76% of business contacts, applied for the Small Business Administration (SBA) Paycheck Protection Program since March 13, 2020, up from 69% reported in April (Chart 2). For firms that received an SBA loan, 87% reported that it prevented layoffs and/or furloughs (Chart 3). 70% of SBA loan recipients surveyed indicated the loans prevented wage reductions, and 67% said it helped pay bills and/or rent. Over two-thirds of firms reported the impact of coronavirus developments had decreased their firm's revenues in 2020 vs. 2019, with an average decrease in revenues of 23%. Still, 41% of firms anticipated higher employment levels by the end of 2020 compared with February, and another 32% expected steady levels of employment.

Selected Services comments

"Our sales and door traffic have increased these last 2 weeks. Consumer confidence seems to be increasing."

"Business is good."

"It is brutal. We don't know if we will survive. PPP covers only 5 operating weeks, and we lost 12 weeks and we are hurting. We have drawn down fully on our line of credit basically taking a huge risk to pay rent - it is really hard and we need more cash."

"All of our furloughed employees except for one have returned. Stimulus checks have certainly put money into customer's hands and they are spending as of the moment."

"The PPP worked extremely well for us...We were able to use a community bank and get our funds quickly which helped give us the certainty we needed to not do massive layoffs. The business was down 25% in April - but looks to be break-even with last year's sales levels in June."

"The PPP assistance helped us weather the COVID 19 stay at home time without laying off any of our team. The help also lessened our losses due to the shutdown and severe slowdown of our business."

"COVID plus oil prices are a huge drag on the business. Profitable first quarter wiped out in second quarter hoping for rebound in the 3rd quarter."

"Work from home will be a regular, although not exclusive, venue for many employees."

"All workers including private contractors are stay at home workers."

"More carry-out, much less walk-in business."

"Our online sales have risen [more than 30%]... we will likely press much harder in the on-line areas and pull back in more traditional."

"We will continue to take on-line selling further in the process depending on the needs/desires of the customers."

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

