



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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**Tenth District Services Activity Slowed to Roughly Flat Levels**  
*Federal Reserve Bank of Kansas City Releases June Services Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the June Services Survey today. According to Chad Wilkerson, vice president and economist at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District services activity slowed to roughly flat levels in June, with positive expectations for future growth.

“Growth in regional services activity has slowed,” said Wilkerson. “But nearly three-quarters of firms surveyed remain confident in the U.S. economy, and about half of firms have not changed their capital spending and employment plans for the remainder of the year.”

The Kansas City Fed’s monthly Survey of Tenth District Services provides information on several indicators of activity including sales, revenue, employment and capital spending, while identifying changes in prices of input materials and selling prices. Survey participants represent a variety of industries, including retail and wholesale trade, automobile dealers, transportation, information, high-tech and professional services, real estate, education, restaurants, health services, tourism and other services firms. The survey includes five years of historical data. Results from past surveys and release dates for future surveys are available at [www.kansascityfed.org/research/indicatorsdata/services](http://www.kansascityfed.org/research/indicatorsdata/services).

The Federal Reserve Bank of Kansas City serves the Tenth Federal Reserve District, encompassing the western third of Missouri; all of Kansas, Colorado, Nebraska, Oklahoma and Wyoming; and the northern half of New Mexico. As part of the nation’s central bank, the Bank participates in setting national monetary policy, supervising and regulating numerous commercial banks and bank holding companies, and providing financial services to depository institutions. More information is available online at [www.kansascityfed.org](http://www.kansascityfed.org).

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## **TENTH DISTRICT SERVICES SUMMARY**

Tenth District services activity slowed to roughly flat levels in June, with positive expectations for future growth (Chart 1). Month-over-month input and selling price indexes edged lower, but remained positive, and expectations for future prices were largely unchanged.

### **Business Slowed to Roughly Flat Levels in June**

The month-over-month services composite index was 1 in June, down from 15 in May and 12 in April (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Most month-over-month indexes eased somewhat in June, with several dropping into negative territory. In contrast, the wages and benefits index expanded slightly. The general revenue/sales index decreased, driven by declines in transportation activity, real estate, and health services. Year-over-year services indexes were also below levels from the previous month. Compared with a year ago, the services composite index dropped from 29 to 12, and the general revenue/sales index fell from 38 to 19. Expectations for the services composite index declined from 27 to 17, but most expected future services indexes remained largely positive overall.

### **Special Questions**

This month contacts were asked special questions about how their firm's plans and expectations have changed for the remainder of 2019 and about their current level of confidence in the U.S. economy. About 24 percent of business contacts indicated their plans for capital expenditures had increased for the remainder of the year, and 21 percent noted their employment plans had increased for the remainder of 2019 (Chart 2). However, a significant share of contacts indicated their capital expenditure and employment plans for the remainder of 2019 had decreased, and the majority of contacts have not changed their 2019 plans. Roughly 32 percent of respondents reported they expect wages to rise more than originally expected in the second half of 2019. Nearly 75 percent of firms reported they were confident in the U.S. economy, and just 8 percent reported no confidence (Chart 3).

## **Selected Services Comments**

“We are seeing more customers with large orders.”

“We still can't find workers.”

“With wages higher to attract staff, selling price must increase, causing our middle class customers to shorten services or find other providers.”

“Unemployment and inflation are both low. Consumer attitude is good. Barring some unknown negative event, the outlook is positive.”

“Now that we are in the 2nd year of the revised tax code, we are starting to figure out how to maximize the business advantages, allowing us to put that money to work.”

“Tax decreases and regulatory easing have positively impacted the economy.”

“The flooding and the effect on agricultural will have a significant impact on our economy. Government payments could have a positive impact on the agricultural economy.”

“We're still dealing with the ramifications of the late planting of crops and the damages done by the flood.”

“Business is good, but not great. Weather is really affecting our sales.”

“Slow sales I believe are mostly due to wet weather.”

“I would be strongly optimistic about the economy, however the ever changing policies out of Washington are creating distractions and uncertainty.”

“Tariffs are starting to have an impact.”

“If we could eliminate all the tariff talks things would be much better.”

**Table 1. Summary of Tenth District Services Conditions, June 2019**

	June vs. May (percent)*					June vs. Year Ago (percent)*					Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index <sup>^</sup>	SA Index <sup>^^</sup>	Increase	No Change	Decrease	Diff Index <sup>^</sup>	Increase	No Change	Decrease	Diff Index <sup>^</sup>	SA Index <sup>^^</sup>	
Plant Level Indicators															
Composite Index				15	1				12				11	17	
General Revenue/Sales	40	39	21	19	-1	51	16	32	19	42	35	23	19	24	
Number of Employees	25	61	14	10	-2	23	51	26	-3	29	51	21	8	15	
Employee Hours Worked	24	63	13	11	-2	21	57	22	-1	19	61	19	0	7	
Part-Time/Temporary Employment	21	72	7	14	12	17	70	13	4	14	73	13	1	5	
Wages and Benefits	34	64	3	31	27	56	36	8	48	34	60	5	29	33	
Inventory Levels	20	73	7	14	8	30	57	13	16	14	65	20	-6	0	
Credit Conditions/Access to Credit	1	97	1	0	1	13	82	6	7	8	90	1	7	7	
Capital Expenditures	17	71	12	5	5	33	49	18	15	22	68	10	12	12	
Input Prices	33	64	3	31	27	52	41	7	45	44	49	7	38	42	
Selling Prices	19	69	12	7	3	41	44	15	25	39	49	13	26	26	

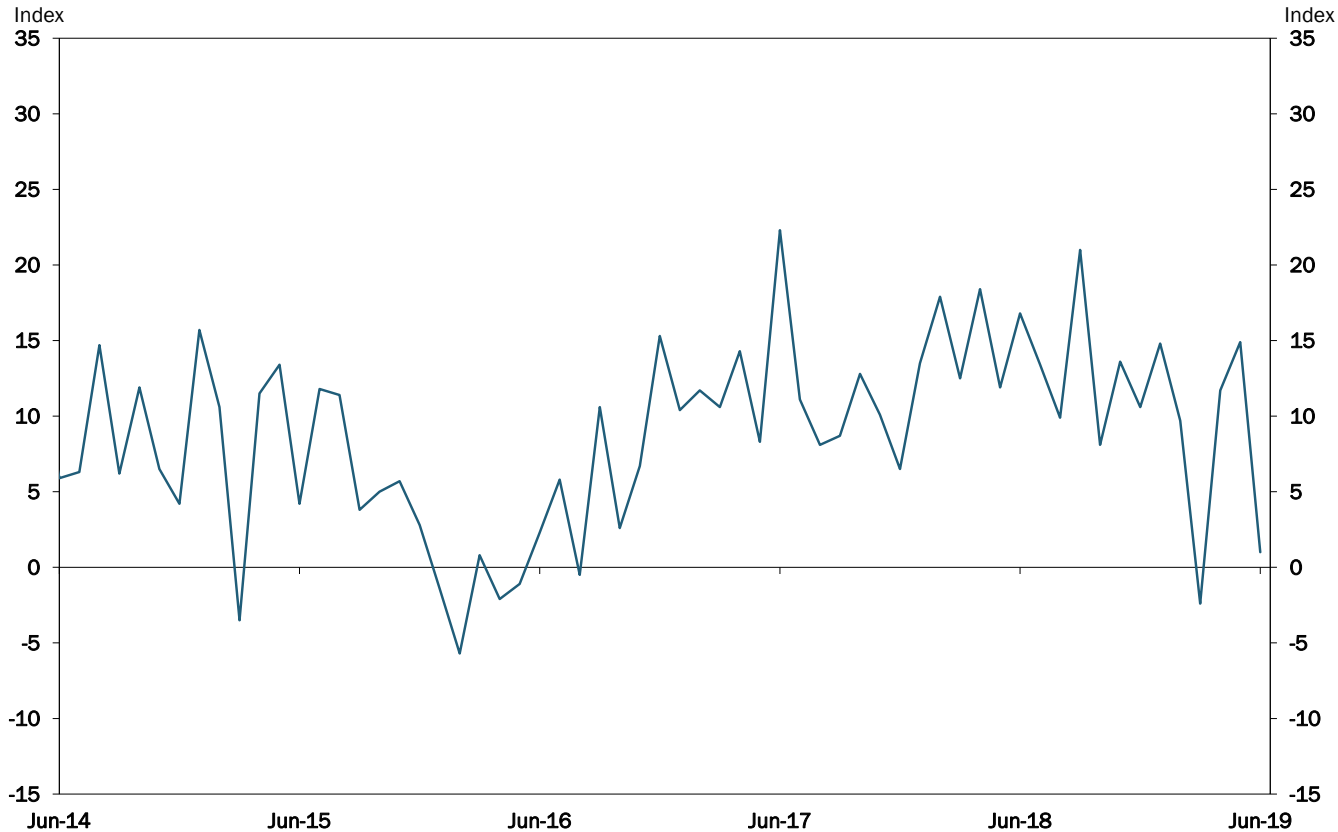
\*Percentage may not add to 100 due to rounding.

<sup>^</sup>Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

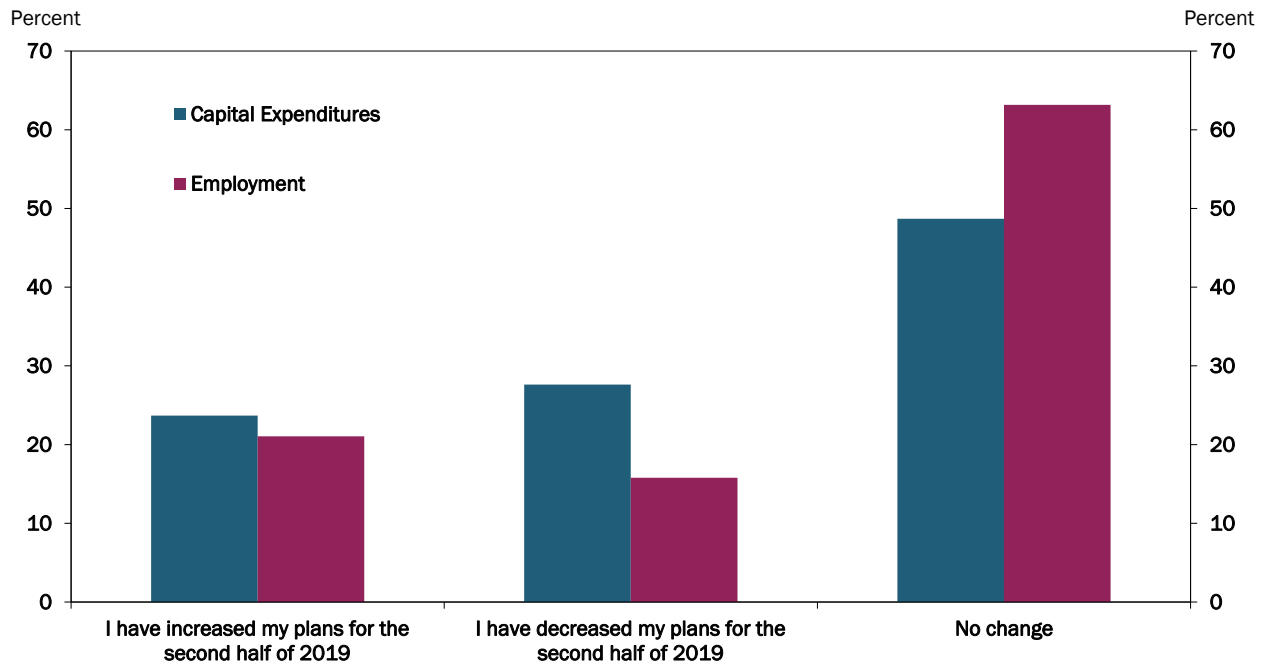
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-12.

Note: The June survey was open for a five-day period from June 19-24, 2019 and included 77 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

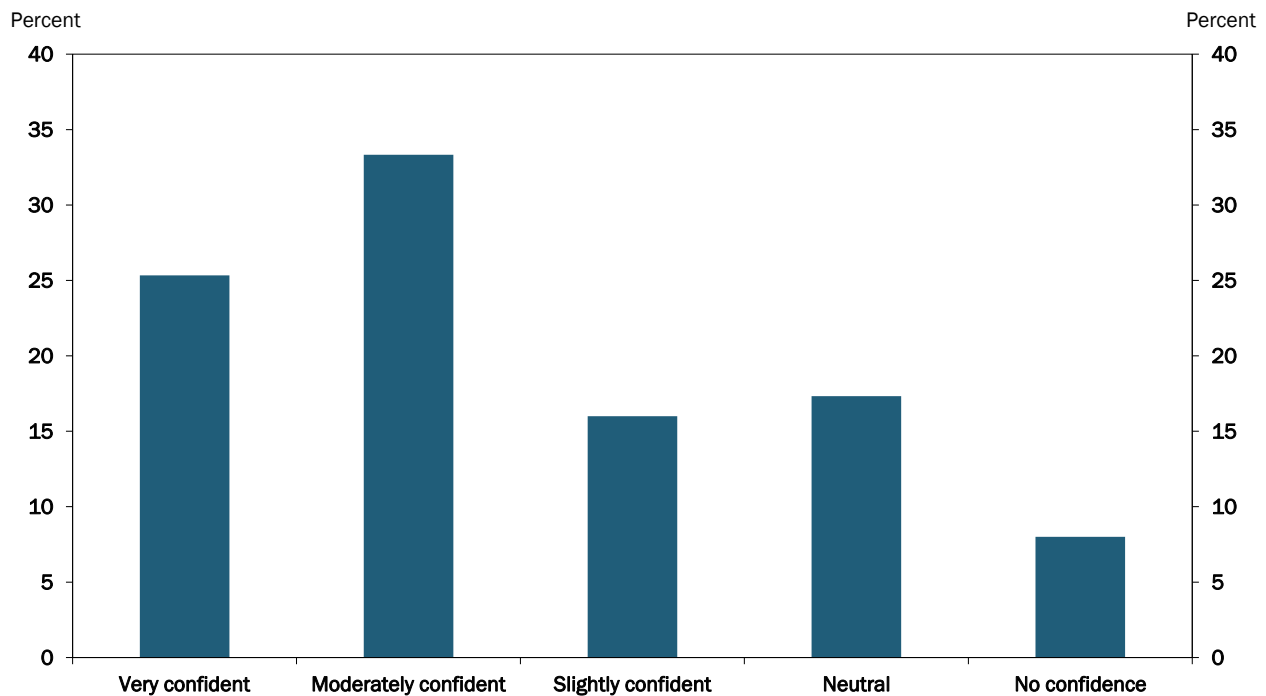
**Chart 1. Services Composite Index vs. a Month Ago**



**Chart 2. Special Question: Compared to the beginning of this year, how have your firms plans changed for the remainder of 2019?**



**Chart 3. Special Question: What is your firm's current level of confidence in the U.S. economy?**



**Table 2**  
**Historical Services Survey Indexes**

	Jun'18	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19
<b>Versus a Month Ago</b> (seasonally adjusted)													
Composite Index	17	13	10	21	8	14	11	15	10	-2	12	15	1
General revenue/sales	24	22	16	38	11	18	5	27	20	-6	15	19	-1
Number of employees	10	4	5	4	6	4	17	7	-5	-4	12	6	-2
Employee hours worked	11	10	1	27	2	12	6	12	3	-3	23	16	-2
Part-time/temporary employment	5	3	-4	10	15	7	6	8	3	11	9	12	12
Wages and benefits	31	17	27	34	31	29	22	34	29	33	24	23	27
Inventory levels	9	6	2	4	4	17	15	-4	6	9	3	18	8
Credit conditions/access to credit	2	1	-1	-1	2	-6	-6	-6	-1	-6	1	1	1
Capital expenditures	17	12	9	10	15	6	14	14	17	27	18	23	5
Input prices	35	34	33	40	34	38	23	34	46	38	39	32	27
Selling prices	27	26	20	25	15	28	17	14	21	13	8	10	3
<b>Versus a Year Ago</b> (not seasonally adjusted)													
Composite Index	18	24	25	28	21	27	18	21	15	21	17	29	12
General revenue/sales	17	29	31	41	25	33	23	29	28	21	16	38	19
Number of employees	22	18	24	22	21	20	12	16	7	18	24	20	-3
Employee hours worked	25	16	19	19	20	22	12	13	17	15	22	20	-1
Part-time/temporary employment	13	18	10	5	14	13	10	3	10	13	3	8	4
Wages and benefits	63	58	58	70	62	51	56	60	64	63	60	63	48
Inventory levels	13	18	13	6	9	21	12	9	-4	24	11	21	16
Credit conditions/access to credit	2	4	0	-3	-3	-2	-4	0	1	-6	4	2	7
Capital expenditures	27	29	23	31	35	22	33	21	16	29	22	30	15
Input prices	59	57	68	63	49	57	45	51	46	56	56	56	45
Selling prices	43	51	47	55	36	42	29	30	37	38	24	40	25
<b>Expected in Six Months</b> (seasonally adjusted)													
Composite Index	30	28	33	32	28	25	25	17	25	23	16	27	17
General revenue/sales	40	36	43	44	39	29	36	31	39	31	20	43	24
Number of employees	28	25	27	22	26	19	18	7	17	19	16	16	15
Employee hours worked	14	19	26	23	20	15	11	10	11	19	17	23	7
Part-time/temporary employment	10	8	9	9	19	14	13	6	11	13	0	12	5
Wages and benefits	50	47	46	62	53	38	41	36	42	47	42	45	33
Inventory levels	9	13	17	16	5	22	6	-1	2	11	4	2	0
Credit conditions/access to credit	1	7	-3	-2	0	-2	-5	-1	6	-4	2	8	7
Capital expenditures	26	16	22	15	18	19	27	25	28	25	16	37	12
Input prices	44	41	52	53	44	47	37	48	50	54	50	42	42
Selling prices	34	28	33	44	31	38	21	33	39	38	33	28	26