



# NEWS RELEASE

FEDERAL RESERVE BANK *of* KANSAS CITY  
DENVER • OKLAHOMA CITY • OMAHA

**FOR IMMEDIATE RELEASE**

July 26, 2024

CONTACT: Sarah Dickson

(405) 827-7294

Sarah.Dickson@kc.frb.org

**Tenth District Services Activity Declined Modestly in July**  
*Federal Reserve Bank of Kansas City Releases July Services Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the July Services Survey today. According to Chad Wilkerson, senior vice president at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District services activity declined modestly, while expectations for future activity remained expansionary.

“Our District services index entered slight negative territory in July, driven by decreasing sales among business and professional firms,” said Wilkerson. “However, employment grew this month after falling slightly in June.”

A summary of the survey is attached. Historical data, results from past surveys and release dates for future surveys are available at [www.kansascityfed.org/surveys/services-survey/](http://www.kansascityfed.org/surveys/services-survey/).

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 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).

###

## **TENTH DISTRICT SERVICES SUMMARY**

Tenth District services activity declined modestly in July while expectations for the next six months remained expansionary (Chart 1 & Table 1). Selling prices were flat month-over-month while input prices still grew, although the pace of growth slowed.

### **Business Activity Declined Modestly**

The month-over-month services composite index was -4 in July, down from 2 in June and 11 in May (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity expanded in the consumer services sector, particularly in wholesale and hospitality, while it contracted in the business and professional sector. Most month-over-month indexes were positive or basically flat, with revenues/sales as a notable exception falling from 4 to -16. The number of employees and employee hours worked indexes grew moderately while part-time employment and access to credit was essentially unchanged from last month. The year-over-year composite index fell from 8 to 3, as revenues declined slightly and employment growth eased. Capital expenditures expanded only modestly for the second consecutive month following strong readings earlier in the year. The composite expectations index for services activity cooled from 10 to 6, as firms expect employment levels to moderate and inventories to decline in the coming months.

### **Special Questions**

This month contacts were asked special questions about employee turnover. Responses concerning the change in turnover were mixed. 23% of firms reported an increase in employee turnover in the past year, while 50% reported no change in turnover, and 27% reported a decrease (Chart 2). Additionally, 56% of the firms that reported an increase in turnover said that it has primarily increased for production workers and 6% said it has primarily increased for managerial workers, while 38% said it has primarily increased for both production and managerial workers (Chart 3).

## **Selected Services Comments**

“We have downsized the number of our employees due to the escalated costs of doing business. The inflated cost of interest on our debt is almost overwhelming.”

“Our mix of payers has changed resulting in a slower collection of revenue. Once this situation improves, our profitability will also improve.”

“Our business has gotten much tougher in the last year. Our employees are staying and we are able to recruit additional/better qualified employees.”

“Hiring has become easier.”

“As a small staffing company business, we are coming to the conclusion that businesses are utilizing less outsourcing for their staffing needs.”

“Commodity lumber prices have dropped considerably and are at levels similar to March 2020 before the big Covid rise happened. Planned multi-family projects are stalled waiting for better financing terms, equity requirements, and lower interest rates. Our single-family estimates (semi-custom to custom) are strong but haven't yet seen sales rise significantly because of it. Storms and very wet conditions have probably delayed some starts. Expenses of operating have increased greatly. Wages for temporary workers are up 20 to 25% over the past two years.”

**Table 1. Summary of Tenth District Services Conditions, July 2024**

Plant Level Indicators	July vs. June (percent)*					July vs. Year Ago (percent)*				Expected in Six Months (percent)*				
	Increase	No Change		Diff Index^A	SA Index**A	Increase	No Change		Diff Index^A	Increase	No Change		Diff Index^A	SA Index**A
		Decrease	Decrease				Decrease	Decrease			Decrease	Decrease		
Composite Index				-1	-4				3				-1	6
General Revenue/Sales	27	35	37	-10	-16	42	13	45	-3	39	29	32	6	14
Number of Employees	23	66	11	11	10	32	42	26	6	21	53	26	-5	2
Employee Hours Worked	23	64	13	10	6	26	52	21	5	23	51	26	-3	2
Part-Time/Temporary Employment	15	75	10	5	-1	18	70	12	7	16	69	15	2	2
Wages and Benefits	21	76	3	18	18	71	19	10	61	44	50	6	37	38
Inventory Levels	21	61	18	3	4	34	44	21	13	20	51	30	-10	-6
Credit Conditions/Access to Credit	5	85	10	-5	-2	7	74	20	-13	5	82	13	-8	-5
Capital Expenditures	26	60	15	11	10	32	40	27	5	26	52	23	3	7
Input Prices	34	54	11	23	19	69	10	21	48	51	36	13	38	37
Selling Prices	19	65	16	3	0	48	27	24	24	32	52	16	16	19

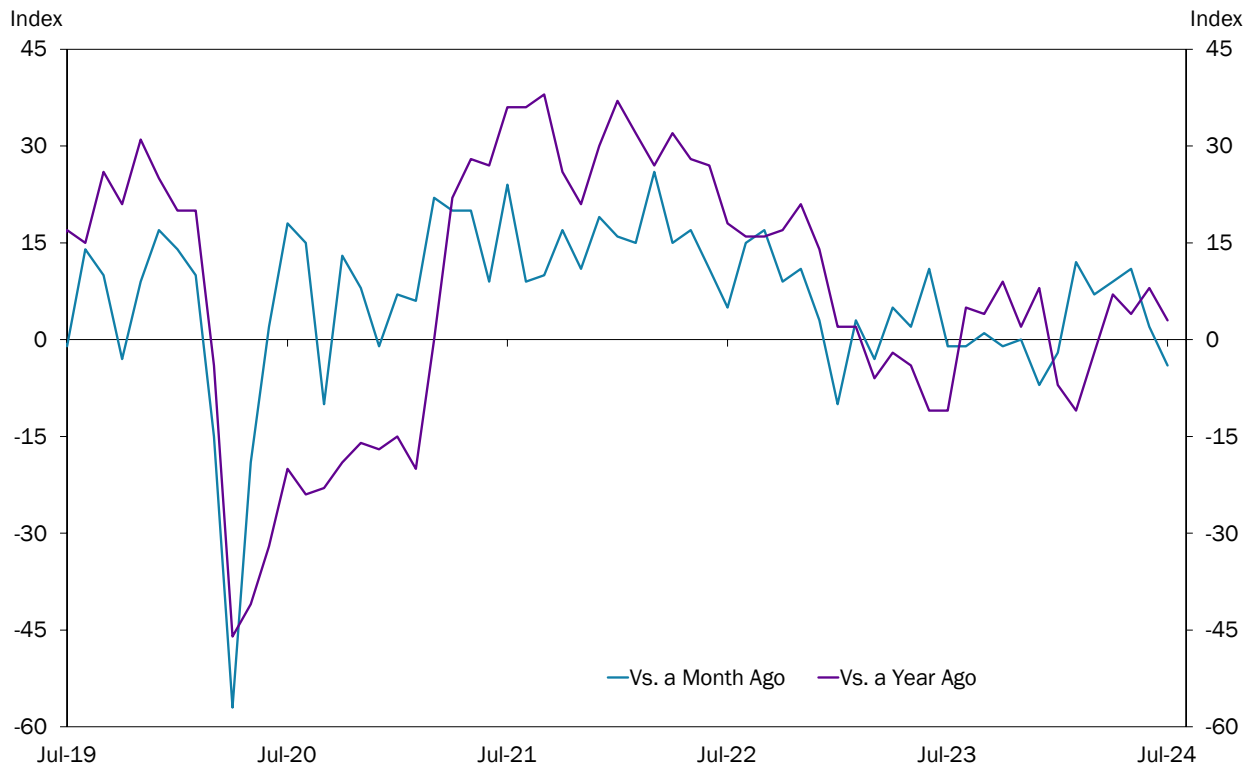
\*Percentage may not add to 100 due to rounding.

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

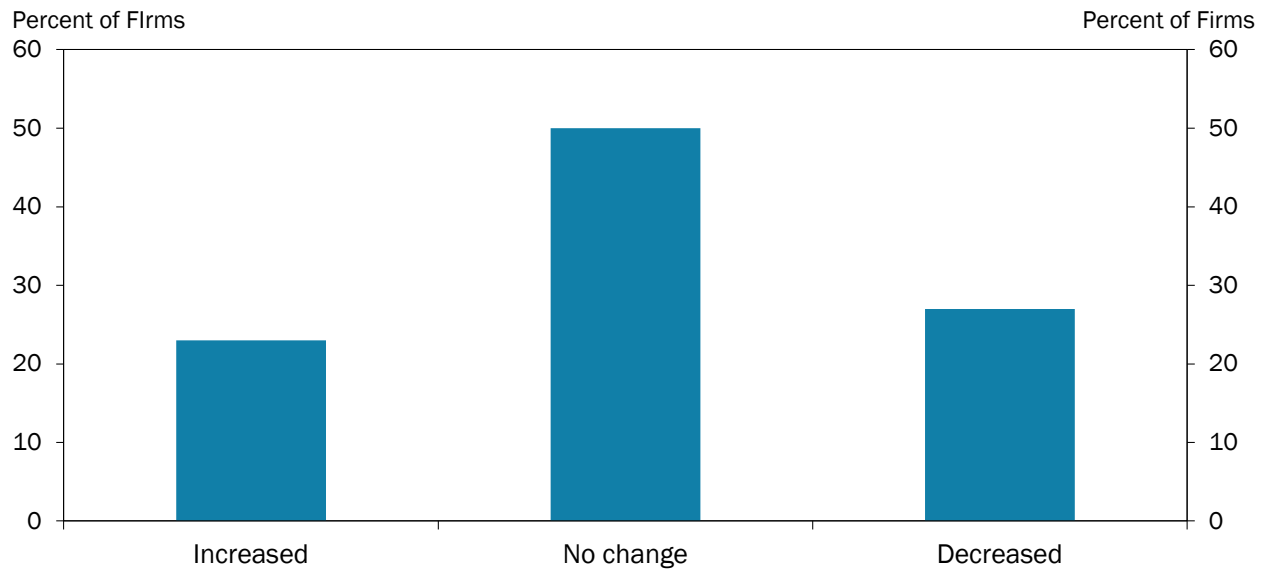
\*\*Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The July survey was open for a six-day period from July 17-22, 2024 and included 62 responses from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

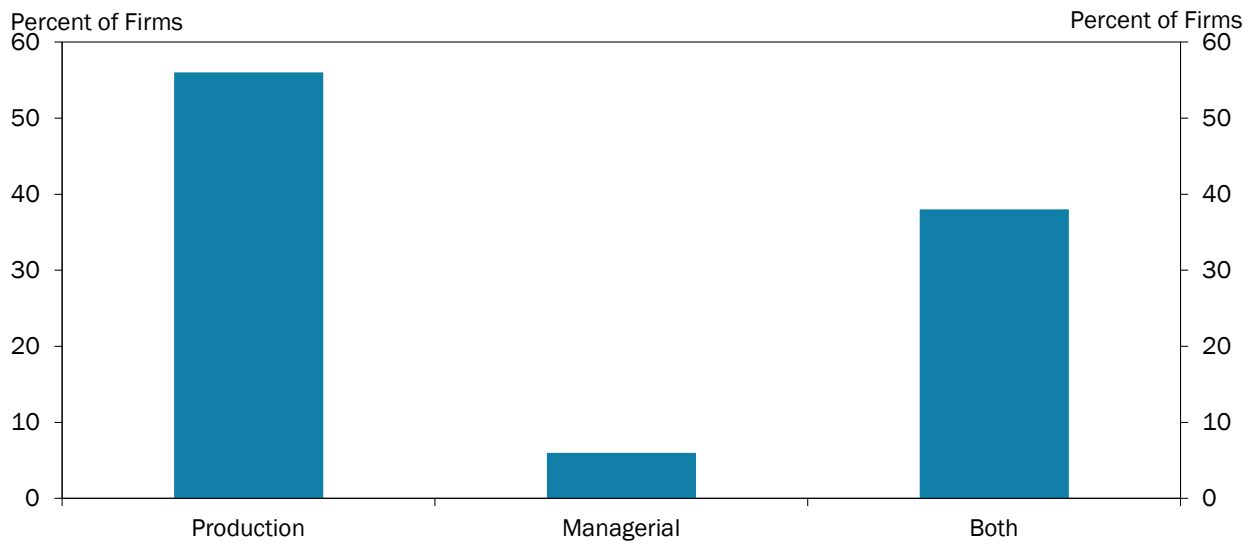
**Chart 1. Services Composite Indexes**



**Chart 2. Special Question: How has employee turnover changed at your firm over the past year?**



**Chart 3. Special Question: If turnover has increased for your firm, what has been the primary job type in which it has increased?**



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

	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24
<b>Versus a Month Ago</b> (seasonally adjusted)													
Composite Index	-1	-1	1	-1	0	-7	-2	12	7	9	11	2	-4
General Revenue/Sales	0	-5	2	-3	2	-13	-1	20	4	5	7	4	-16
Number of Employees	-3	3	-2	4	-2	1	-11	0	10	6	18	-4	10
Employee Hours Worked	-4	-2	0	-1	-1	-9	-4	7	3	3	11	-5	6
Part-Time/Temporary Employment	7	-2	-3	-8	-3	-4	-10	-10	-8	2	10	-4	-1
Wages and Benefits	21	20	21	20	19	12	27	25	37	37	32	17	18
Inventory Levels	2	3	5	-4	-2	-4	7	11	8	22	10	7	4
Credit Conditions/Access to Credit	-12	-12	-9	-10	-8	-4	-5	-12	-11	-8	-8	-6	-2
Capital Expenditures	11	12	9	6	16	11	8	2	28	16	21	14	10
Input Prices	34	34	46	32	36	12	32	43	34	35	33	27	19
Selling Prices	14	0	11	8	12	1	12	5	15	11	4	-5	0
<b>Versus a Year Ago</b> (not seasonally adjusted)													
Composite Index	-11	5	4	9	2	8	-7	-11	-2	7	4	8	3
General revenue/sales	-18	-2	0	12	-1	7	-9	-23	-6	7	3	6	-3
Number of employees	-5	9	5	7	4	14	-13	-6	1	-1	3	9	6
Employee hours worked	-5	3	-1	16	11	13	-11	-11	-7	0	5	-1	5
Part-time/temporary employment	2	3	1	-4	-3	3	-9	-5	-9	-3	-2	-7	7
Wages and benefits	68	57	74	70	68	63	57	66	66	71	66	65	61
Inventory levels	-2	16	14	4	7	1	6	10	5	18	10	13	13
Credit conditions/access to credit	-17	-22	-12	-19	-10	-9	-10	-14	-10	-4	-13	-9	-13
Capital expenditures	13	17	13	7	18	20	2	8	10	19	27	4	5
Input prices	62	50	71	72	65	56	55	60	58	67	63	56	48
Selling prices	34	22	35	38	40	39	31	27	39	33	25	30	24
<b>Expected in Six Months</b> (seasonally adjusted)													
Composite Index	4	5	4	6	12	-1	3	-3	1	2	10	10	6
General revenue/sales	8	3	6	13	21	-1	3	-9	6	-2	18	14	14
Number of employees	3	9	1	3	5	2	4	5	-2	-2	-3	12	2
Employee hours worked	5	3	3	8	8	5	-5	0	6	-14	-3	2	2
Part-time/temporary employment	2	3	0	1	2	-2	-1	-11	-4	-6	-1	-6	2
Wages and benefits	46	44	46	52	45	28	38	53	54	57	63	42	38
Inventory levels	-3	2	4	-5	2	-3	1	1	-8	16	8	-1	-6
Credit conditions/access to credit	-14	-14	-10	-15	-8	-2	-11	-11	-8	-8	-14	-7	-5
Capital expenditures	15	13	10	13	18	8	9	6	11	17	19	-1	7
Input prices	52	49	53	43	56	34	53	67	45	61	63	51	37
Selling prices	25	26	25	31	32	24	27	28	36	35	38	20	19