



NEWS RELEASE

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Tenth District Services Activity Grew Moderately, Driven More by the Consumer Sector
Federal Reserve Bank of Kansas City Releases November Services Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the November Services Survey today. According to Megan Williams, associate economist and survey manager at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District services activity grew moderately in November, driven more by the consumer services sector than business services. Expectations for future activity stayed positive.

“Regional services activity grew moderately in November,” said Williams. “The consumer services sector grew at a faster pace than business services this month, but both sectors’ activity increased.”

A summary of the November survey is below. The Federal Reserve Bank of Kansas City released a breakout of the year-over-year composite index for consumer services and business services and will release this breakout going forward. Historical data with the broken-out year-over-year composite indexes are available at 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.

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TENTH DISTRICT SERVICES SUMMARY

Tenth District services activity grew moderately in November, driven more by the consumer services sector than business services (Charts 1 & 2). Expectations for future activity stayed positive (Table 1). Input price growth continues to far outpace selling price growth, constraining firms' profit margins.

Business Activity Grew Moderately in November

The month-over-month services composite index was 9 in November, up from 5 in October and -2 in September (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Most industries grew this month, but consumer-oriented industries like autos and retail drove growth more. All month-over-month indexes were positive, except part-time employment at -1. General revenue/sales increased from 7 to 14, while employment ticked up from 4 to 6. All year-over-year indexes were positive as well, except for part-time employment and access to credit. The year-over-year composite index increased from 9 to 15. This growth was driven more by consumer-oriented firms, as the consumer index increased from 9 to 18 while the business services index slowed from 11 to 7. Both revenues and capital expenditures grew at a robust pace. Expectations for future services activity also stayed positive, as firms expect for revenues and employment to increase in the next six months.

Special Questions

This month contacts were asked about employment expectations. Just under half of firms (44%) expect to increase employment levels over the next 12 months, while 42% plan to leave employment unchanged and only 14% plan to decrease (Chart 3). Firms were also asked if they have been raising starting wages for new hires. About a third of firms (31%) have raised new hires' wages for most job categories, while 29% have raised new hires' wages only for select job categories, another 26% have not raised new hires' wages, and 14% of firms are not actively hiring (Chart 4).

Selected Services Comments

“It appears that the economy and hiring has softened. We have received far more qualified truck driver candidates than a year ago and we posted a staff position and over 100 applications within the first hour and much more than expected were qualified, i.e., degree with experience.”

“The numbers being reported related to job growth are not reflective of what we are seeing every day. You post a job requirement, you will have 400 responses. Two years ago, you would be lucky to get 5.”

“I am cautiously optimistic about an uptick in the economy going into 2025. The cost to small business for our loans is still a bit high and takes away from our bottom line.”

“As a staffing company, we are noticing greater fluctuations in the level of job orders obtained from our clients. Thus, we are having to spend more time developing metrics to stay in business.”

Table 1. Summary of Tenth District Services Conditions, November 2024

	November vs. October (percent)*					November vs. Year Ago (percent)*					Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^^}	Increase	No Change	Decrease	Diff Index [^]	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^^}	
Plant Level Indicators															
Composite Index				8	9				15				15	12	
Consumer Services									18						
Business Services									7						
General Revenue/Sales	36	39	24	12	14	56	11	33	23	49	20	31	17	15	
Number of Employees	22	59	19	4	6	38	32	30	8	37	43	20	17	16	
Employee Hours Worked	24	57	20	4	5	29	49	23	6	29	53	18	10	7	
Part-Time/Temporary Employment	9	79	12	-3	-1	14	68	18	-4	12	72	16	-4	-5	
Wages and Benefits	27	65	7	20	20	74	13	13	60	44	45	10	34	30	
Inventory Levels	21	60	19	2	2	24	55	20	4	26	52	21	5	-3	
Credit Conditions/Access to Credit	7	87	7	0	0	10	77	12	-2	10	80	9	1	1	
Capital Expenditures	26	61	13	13	11	45	37	18	27	30	53	17	12	5	
Input Prices	32	61	7	25	28	73	18	9	64	52	40	8	44	41	
Selling Prices	21	68	11	9	8	59	21	20	39	34	53	12	22	10	

*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 November survey was open for a six-day period from November 13-18, 2024 and included 107 responses (73 consumer and 34 business) from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Services Composite Indexes

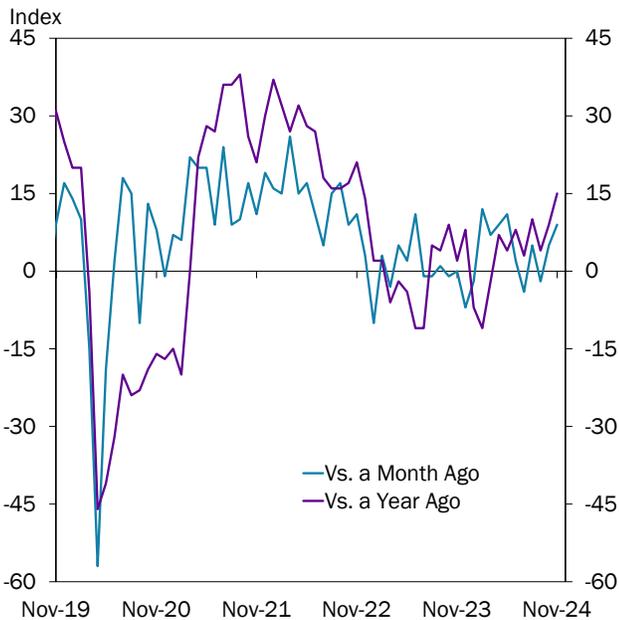


Chart 2. Composite Indexes vs. a Year Ago by Sector

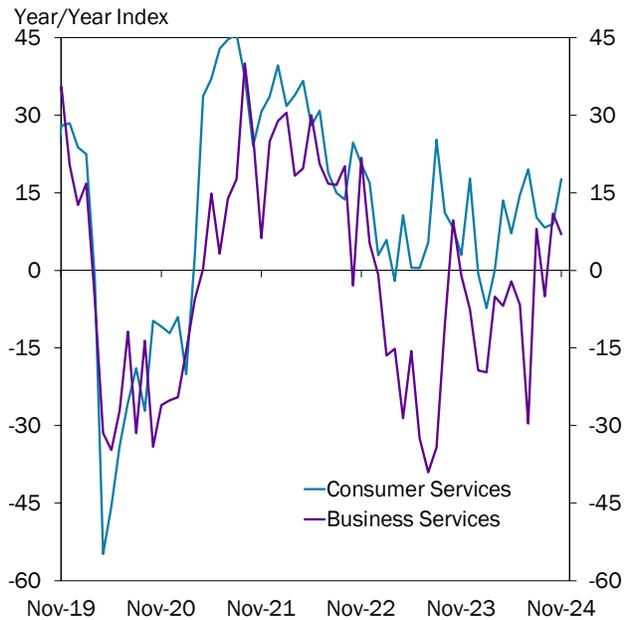


Chart 3. Special Question: Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next twelve months?

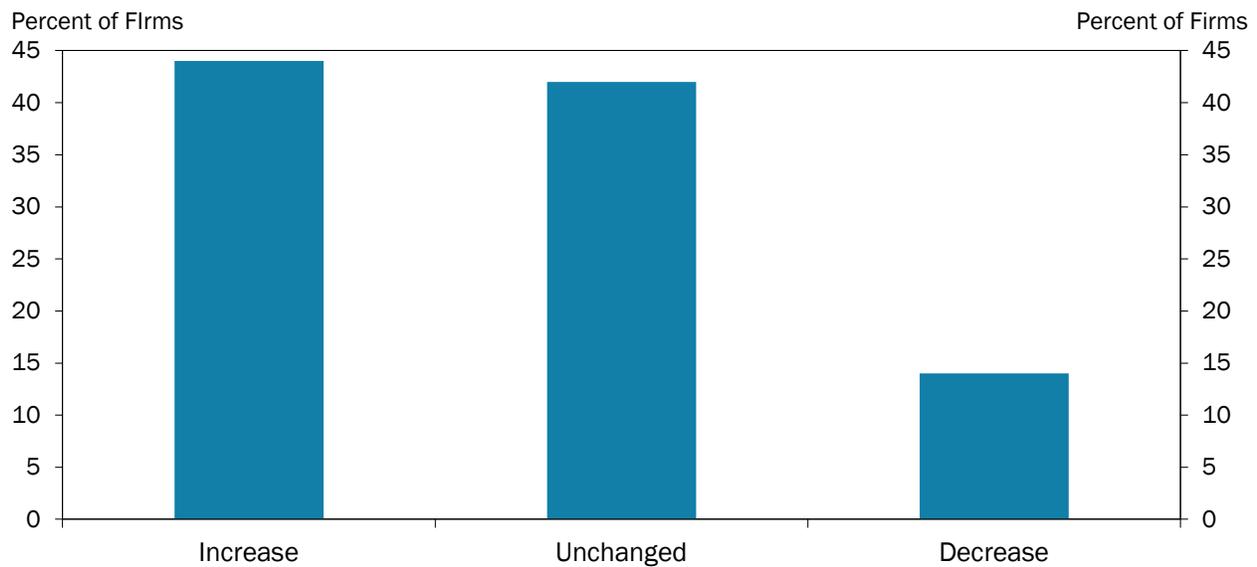


Chart 4. Special Question: Which of the following best describes your use of changes in starting wages and/or salaries to attract new hires?

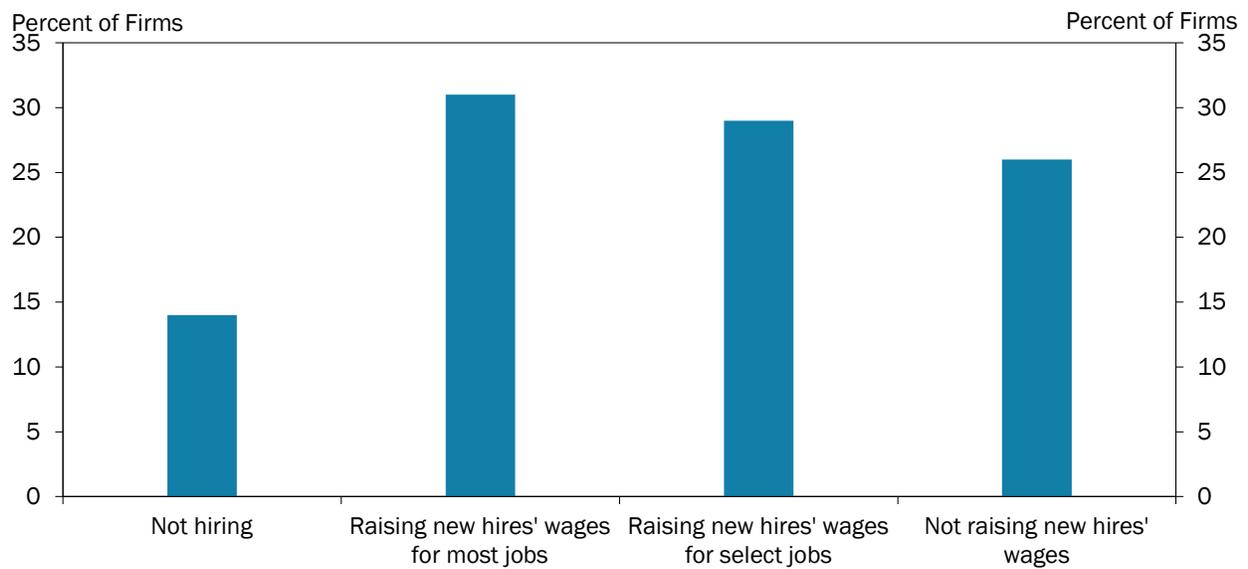


Table 2
Historical Services Survey Indexes

	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24	Oct'24	Nov'24
Versus a Month Ago (seasonally adjusted)													
Composite Index	0	-7	-2	12	7	9	11	2	-4	5	-2	5	9
General Revenue/Sales	2	-13	-1	20	4	5	7	4	-16	17	-1	7	14
Number of Employees	-2	1	-11	0	10	6	18	-4	10	-9	-5	4	6
Employee Hours Worked	-1	-9	-4	7	3	3	11	-5	6	-2	2	7	5
Part-Time/Temporary Employment	-3	-4	-10	-10	-8	2	10	-4	-1	-2	-5	1	-1
Wages and Benefits	19	12	27	25	37	37	32	17	18	18	10	31	20
Inventory Levels	-2	-4	7	11	8	22	10	7	4	-5	-1	2	2
Credit Conditions/Access to Credit	-8	-4	-5	-12	-11	-8	-8	-6	-2	-7	-8	-1	0
Capital Expenditures	16	11	8	2	28	16	21	14	10	10	17	23	11
Input Prices	36	12	32	43	34	35	33	27	19	22	31	24	28
Selling Prices	12	1	12	5	15	11	4	-5	0	10	7	9	8
Versus a Year Ago (not seasonally adjusted)													
Composite Index	2	8	-7	-11	-2	7	4	8	3	10	4	9	15
<i>Consumer Services</i>	3	18	-1	-7	0	13	7	15	20	10	8	9	18
<i>Business Services</i>	-1	-8	-19	-20	-5	-7	-2	-7	-30	8	-5	11	7
General revenue/sales	-1	7	-9	-23	-6	7	3	6	-3	15	2	8	23
Number of employees	4	14	-13	-6	1	-1	3	9	6	7	5	12	8
Employee hours worked	11	13	-11	-11	-7	0	5	-1	5	4	-3	6	6
Part-time/temporary employment	-3	3	-9	-5	-9	-3	-2	-7	7	4	-3	-9	-4
Wages and benefits	68	63	57	66	66	71	66	65	61	68	55	72	60
Inventory levels	7	1	6	10	5	18	10	13	13	0	7	7	4
Credit conditions/access to credit	-10	-9	-10	-14	-10	-4	-13	-9	-13	-9	-3	-7	-2
Capital expenditures	18	20	2	8	10	19	27	4	5	6	18	23	27
Input prices	65	56	55	60	58	67	63	56	48	50	63	65	64
Selling prices	40	39	31	27	39	33	25	30	24	37	42	46	39
Expected in Six Months (seasonally adjusted)													
Composite Index	12	-1	3	-3	1	2	10	10	6	15	7	14	12
General revenue/sales	21	-1	3	-9	6	-2	18	14	14	27	9	14	15
Number of employees	5	2	4	5	-2	-2	-3	12	2	8	11	20	16
Employee hours worked	8	5	-5	0	6	-14	-3	2	2	7	13	13	7
Part-time/temporary employment	2	-2	-1	-11	-4	-6	-1	-6	2	5	4	-4	-5
Wages and benefits	45	28	38	53	54	57	63	42	38	40	37	45	30
Inventory levels	2	-3	1	1	-8	16	8	-1	-6	-4	-3	3	-3
Credit conditions/access to credit	-8	-2	-11	-11	-8	-8	-14	-7	-5	-1	-1	-2	1
Capital expenditures	18	8	9	6	11	17	19	-1	7	14	16	22	5
Input prices	56	34	53	67	45	61	63	51	37	44	44	47	41
Selling prices	32	24	27	28	36	35	38	20	19	29	32	18	10