



## Tenth District Services Activity Was Steady in January

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Regional services activity was essentially flat in January. Firms' sales stayed steady, but employment levels fell moderately with only slight increases anticipated in the coming months.

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### Business Activity Was Steady in January

Tenth District services activity was steady in January, but expectations for future activity rose slightly (Chart 1 & Table 1).

Input price growth remains elevated, with further increases expected, and selling prices continue to grow at a slower, but still robust, pace.

The month-over-month services composite index was -2 in January, up from -7 in December and down from 0 in November (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity among industries was mixed. Retail and transportation declined substantially, while professional and health services rose. General revenue/sales were essentially flat this month, rebounding from -13 to -1. However, both the number of employees and part-time/temporary employment indexes fell moderately, with readings of -11 and -10, respectively. Most indexes were negative and fell on a year-over-year basis, with the composite index falling from 8 to -7 as revenues and employment declined. Inventories increased somewhat from this time last year while capital expenditures cooled, and access to credit continued to decline. Expectations for future services activity rose only slightly, as mild increases in revenues and employment are anticipated in the next six months.

### Special Questions

This month, contacts were asked special questions about expectations for wages, input prices, and capital expenditures in 2024. A solid majority of firms reported expected wage increases between 0-6% in 2024, with 21% expecting a 0-2% increase, 33% expecting a 2-4% increase, and 22% expecting a 4-6% increase. An additional 9% expect no change, 3% expect a 6-8% increase, and 6% each expect an increase greater than 8% or a decrease. Expectations for input prices were slightly more mixed. 6% of firms expect a decrease, while 13% expect no change, 24% expect a 0-2% increase, 28% expect 2-4%, 12% expect 4-6%, 10% expect 6-8%, and 7% expect an increase greater than 8% (Chart 2). Firms cited the need to preserve cash (39%) and uncertainty in the year ahead (36%) as the top factors impacting their capital expenditures plans for 2024, while 21% cited unfavorable financing and 24% reported no need to expand capital expenditures this year (Chart 3).

## Selected Services Comments

“As a small business, we are attempting to be creative in how we sell our services to acquire additional demand. Our business has steadily declined during the post-pandemic era.”

“A lot of uncertainty in the US and abroad.”

“The economy seems to be in a partial recovery phase. The interest rates are putting pressure on our bottom lines to be profitable. We have put a hold on our capital expenditures until the rates ease.”

“We're seeing bad weather as our biggest obstacle. Bad weather days yield poor sales, good weather days yield better sales.”

“Very slow start to the year. Some CapEx projects have been deferred. No new major projects on the table.”

“Auto manufacturers are trying to control production to favor them having to offer fewer rebates and curtail payments to dealers rather than producing higher numbers and letting supply and demand prevail. With new vehicles costing 30% more than pre-COVID and financing rates at 7-10% and more for challenged credit, demand is dropping, and pressed production has evaporated.”

## Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

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## Author



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