



Services Survey

Tenth District Services Activity Expanded Further in April

by: Chad Wilkerson, Chase Farha and Jannety Mosley

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District services activity grew somewhat in April, and expectations for future activity were unchanged. However, employment growth cooled slightly this month.

Business Activity Expanded Further

Tenth District services expanded further in April, and expectations for the next six months remained steady (Chart 1 & Table 1). Input price growth continued to outpace increases in selling prices, putting pressure on margins.

The month-over-month services composite index was 9 in April, up from 7 in March and down from 12 in February (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in the wholesale, retail, and restaurant sectors grew, while it contracted in the professional services, healthcare, and education sectors. All month-over-month indexes were positive except access to credit. General revenue/sales stayed fairly steady, while employment growth cooled and inventories increased sharply. The year-over-year composite index increased from -2 to 7. The revenues/sales index was 7 following three months of negative readings, and capital expenditures also expanded from this time last year. The composite expectations index for services activity ticked up to 2 from 1, driven by firms' expectations that heightened inventory levels will continue increasing amid steady sales in the next six months.

Special Questions

This month contacts were asked special questions about workforce training and hiring priorities. Nearly two thirds of firms have devoted more resources to training workers that do not meet skill requirements, with 15% devoting significantly more resources and 48% devoting slightly more. Additionally, 36% reported no change in the resources devoted to training and 1% devoted less resources (Chart 2). Firms were also asked about their biggest priority in hiring over the next six months. 46% reported hiring entry-level workers is their biggest priority, while 39% said mid-level workers, 9% said senior-level workers, 3% said temporary employees, and 3% of firms reported they are not hiring (Chart 3).

Selected Services Comments

“The inflationary prices we experienced in 2022 and 2023 have eased in our sector. We used a large percentage of our cash on hand to survive these last couple of years, however we are seeing our cash on hand starting to increase this month. The high interest rates, along with our increased employee costs, are taking a toll on our profitability.”

“Many young people are still looking for hybrid and/or remote work environments.”

“The cost of property and casualty insurance is going sky high, if you can get it.”

“Some multi-family has been put on hold because of costs and rates. Others with special financing such as TIF are going ahead even though the projects aren't initially forecast to do as well as the developers would like. One developer had to close on a swap for construction costs before they wanted to because of the rate environment.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About the Services Survey](#)

Authors



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Chad Wilkerson serves as Oklahoma City Branch Executive and Senior Vice President of Community Development for the Federal Reserve Bank of Kansas City. Wilkerson has been with the Federal Reserve since 1998, starting in Kansas City's research department. Appointed in 2006 as Oklahoma City Branch Executive, Wilkerson is the Bank's lead officer and regional economist in Oklahoma. He recruits and works closely with the Oklahoma City Branch Board of Directors and is responsible for briefing the Kansas City Fed president, a member of the Federal Open Market Committee, on economic trends in the state. His team conducts research and surveys on key regional issues such as energy, manufacturing and migration. Wilkerson was appointed Senior Vice President in 2022, and supports a Community Development team located across the Kansas City Fed's seven-state region. This group works to understand and address issues affecting the ability of underserved communities and small businesses to access credit. Community development focus areas include financial resiliency, affordable housing, community investments, workforce development, rural development and digital inclusion. Wilkerson holds a master's degree in public policy from the University of Chicago, as well as a master's degree from Southwestern Seminary and bachelor's degree from William Jewell College. He serves on the boards of the Economic Club of Oklahoma, the United Way of Central Oklahoma and City Rescue Mission. He lives in Edmond, Oklahoma, with his wife and children.



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Jannety Mosley is a Senior Survey Analyst in the Regional Affairs Department at the Oklahoma City Branch of the Federal Reserve Bank of Kansas City. In this role, she primarily supports the district economic surveys and reports. She also supports the recruitment and retention efforts of business participants in the economic surveys. She holds a B.S. degree in Agricultural Economics (Agribusiness) from North Carolina A&T State University and a M.S. degree in Rural Sociology from Pennsylvania State University.
