Energy is an important segment of the national, regional and local economies, and the best way to gauge changes in the energy sector is to ask people within the industry.

Since January 2014, the Federal Reserve Bank of Kansas City has conducted a quarterly survey that monitors energy firms located in the Tenth Federal Reserve District, with results based on total firm activity nationwide.

This information is important in evaluating the economy, especially when considering how modern society relies upon the industry. For example, according to the U.S. Energy Information Administration, electrical power is 40 percent of U.S. energy consumption, 29 percent is transportation, 21 percent industrial and 10 percent residential and commercial. In the Tenth District, oil and natural gas production play a larger role in the region than coal or wind, so the survey focuses on the aforementioned industries.

Before the survey, Kansas City Fed staff gathered information through business contacts, such as Bank directors and advisory council members, as well as public external data like rig counts and prices. The survey began in the first quarter of 2014 and the results have been released publicly since January 2015. Staff from the Kansas City Fed Regional Affairs Department in the Oklahoma City Branch oversees the survey process, which is outlined here.

The survey asks firms a few index questions, such as have sales, revenues, profits, employment, etc., been up, down, or experienced no change. The questions also seek a comparison, such as current quarter conditions versus the previous quarter, previous year, and the expectations in six months. The survey also asks several special questions, such as what commodity price do firms need to be profitable and about capital spending plans.
The survey is conducted over a two-week period and receives approximately 35 to 40 responses. The Oklahoma City Branch staff has about a week to analyze the information.

Survey results reveal changes in several indicators of energy activity, including drilling, capital spending and employment. Firms also indicate projections for oil and natural gas prices. All results of the survey are diffusion indexes—the number of firms indicating increases minus the number of firms indicating decreases.

After the week of analysis, the Kansas City Fed releases the results, which include numerical results, charts, and special questions, along with a short write up explaining the results. The results are published on the Bank’s website, KansasCityFed.org, the first or second week of the month following the quarter. For example, the second quarter survey results are published the first or second week of the third quarter. To see the results, visit KansasCityFed.org/research/indicatorsdata/energy.

**DID YOU KNOW...**

- The survey results provide the Kansas City Fed with more timely and accurate information on the energy industry that is not available elsewhere, such as critical knowledge of current and future conditions, which is vital to the Tenth District economy.

- The information is used internally in pre-FOMC briefings, memos and presentations, and externally in research publications, such as TEN, the Oklahoma Economist, and Economic Review, and presentations.

- The unique nature of the survey has made it popular among local and national media as well as industry watchers and economists studying the energy sector.

**COMMENTS/QUESTIONS** are welcome and should be sent to teneditors@kc.frb.org.