



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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**Tenth District Services Activity Grew Again in March**  
*Federal Reserve Bank of Kansas City Releases March Services Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the March 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 grew again in March, and expectations for future activity were flat.

“District services activity increased moderately in March, and expectations for future activity were steady,” said Wilkerson. “Sales growth cooled this month, but employment accelerated.”

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).

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## **TENTH DISTRICT SERVICES SUMMARY**

Tenth District services grew again in March, and expectations for the next six months were flat (Chart 1 & Table 1). Input price growth continued to outpace increases in selling prices, but the spread between the two has narrowed.

### **Business Activity Grew Again**

The month-over-month services composite index was 7 in March, down from 12 in February and up from -2 in January (Tables 1 & 2). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The growth was driven primarily by increased revenues in professional services, restaurants, and auto dealers. All month-over-month indexes were positive, except for part-time employment and access to credit. General revenue/sales cooled from 20 to 4, but employment increased from 0 to 10 and inventories grew somewhat. The year-over-year composite index was essentially flat at -2. Capital expenditures expanded modestly and access to credit continued to decrease. Expectations for services activity picked up to 1 from -3, as firms anticipate employment to stay steady and sales to grow slightly.

### **Special Questions**

This month contacts were asked special questions about labor-saving technology and mid-year wage increases. About half of firms have invested or plan to invest in labor-saving/productivity-enhancing technology. 27% have invested at a similar pace to the past, while 18% have invested at a faster pace, 4% at a slower pace, and 51% have not invested (Chart 2). Contacts were also asked about plans to give mid-year wage increases. While 51% have given a mid-year increase within the past year, only 32% plan to give a mid-year increase this year (Chart 3).

## **Selected Services Comments**

“We are still attempting to recoup business that was lost over the last several years. So far it appears that less of our previous clients are outsourcing their staffing needs.”

“Business is slowing down and inventories are growing. We have started turning down product.”

“We have experienced an increase in sales. Our overall loan portfolio is in great shape and defaults are at lower levels than we experienced in the 3rd quarter of our fiscal year.”

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

| Plant Level Indicators             | March vs. February<br>(percent)* |           |          |                         |                        | March vs. Year Ago<br>(percent)* |           |          |                         | Expected in Six Months<br>(percent)* |           |          |                         |                        |
|------------------------------------|----------------------------------|-----------|----------|-------------------------|------------------------|----------------------------------|-----------|----------|-------------------------|--------------------------------------|-----------|----------|-------------------------|------------------------|
|                                    | Increase                         | No Change |          | Diff Index <sup>^</sup> | SA Index <sup>^^</sup> | Increase                         | No Change |          | Diff Index <sup>^</sup> | Increase                             | No Change |          | Diff Index <sup>^</sup> | SA Index <sup>^^</sup> |
|                                    |                                  | Decrease  | Decrease |                         |                        |                                  | Decrease  | Decrease |                         |                                      | Decrease  | Decrease |                         |                        |
| Composite Index                    |                                  |           |          | 9                       | 7                      |                                  |           |          | -2                      |                                      |           |          | 5                       | 1                      |
| General Revenue/Sales              | 34                               | 40        | 26       | 7                       | 4                      | 41                               | 12        | 47       | -6                      | 43                                   | 26        | 31       | 12                      | 6                      |
| Number of Employees                | 25                               | 60        | 15       | 10                      | 10                     | 31                               | 40        | 29       | 1                       | 22                                   | 56        | 22       | 0                       | -2                     |
| Employee Hours Worked              | 19                               | 64        | 16       | 3                       | 3                      | 22                               | 48        | 30       | -7                      | 22                                   | 61        | 16       | 6                       | 6                      |
| Part-Time/Temporary Employment     | 3                                | 87        | 10       | -7                      | -8                     | 6                                | 79        | 15       | -9                      | 6                                    | 84        | 10       | -4                      | -4                     |
| Wages and Benefits                 | 35                               | 62        | 3        | 32                      | 37                     | 74                               | 19        | 7        | 66                      | 54                                   | 40        | 6        | 49                      | 54                     |
| Inventory Levels                   | 26                               | 59        | 15       | 11                      | 8                      | 27                               | 50        | 23       | 5                       | 17                                   | 62        | 21       | -5                      | -8                     |
| Credit Conditions/Access to Credit | 1                                | 87        | 12       | -10                     | -11                    | 6                                | 78        | 16       | -10                     | 3                                    | 85        | 12       | -9                      | -8                     |
| Capital Expenditures               | 32                               | 60        | 7        | 25                      | 28                     | 31                               | 48        | 21       | 10                      | 24                                   | 60        | 16       | 7                       | 11                     |
| Input Prices                       | 35                               | 62        | 3        | 32                      | 34                     | 68                               | 21        | 11       | 58                      | 48                                   | 45        | 6        | 42                      | 45                     |
| Selling Prices                     | 24                               | 64        | 12       | 12                      | 15                     | 57                               | 25        | 18       | 39                      | 43                                   | 45        | 12       | 31                      | 36                     |

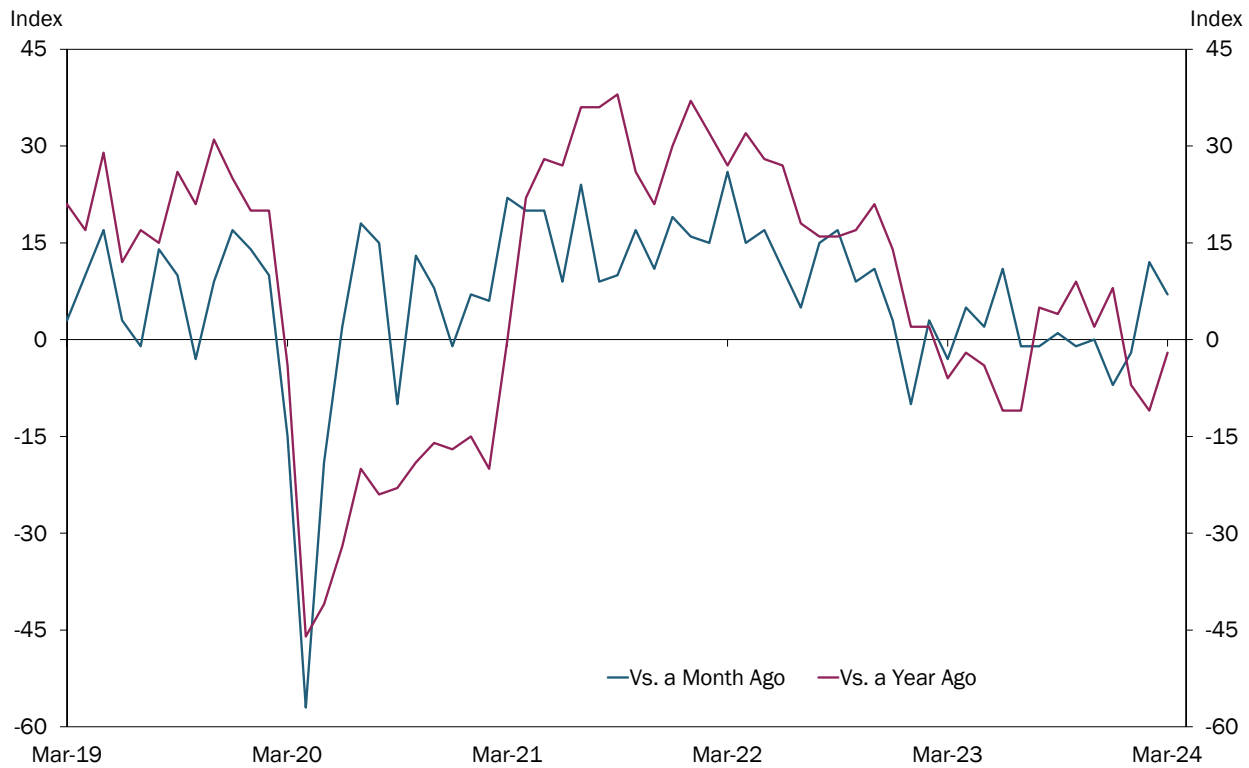
\*Percentage may not add to 100 due to rounding.

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

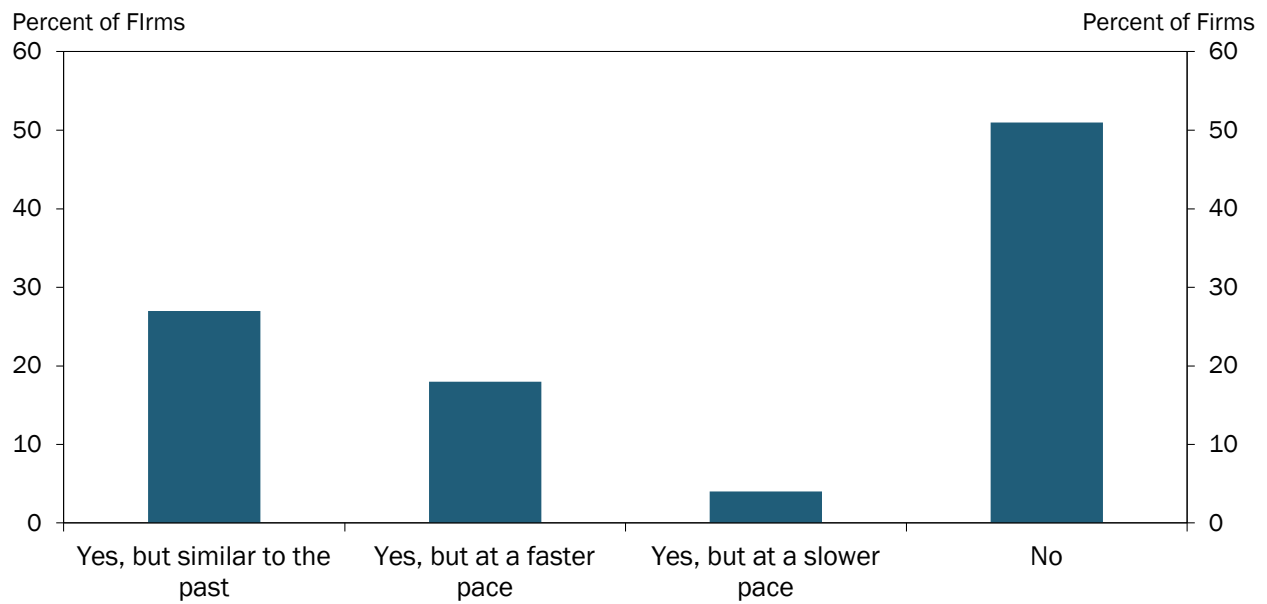
<sup>^^</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The March survey was open for a six-day period from March 20-25, 2024 and included 68 responses from firms in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

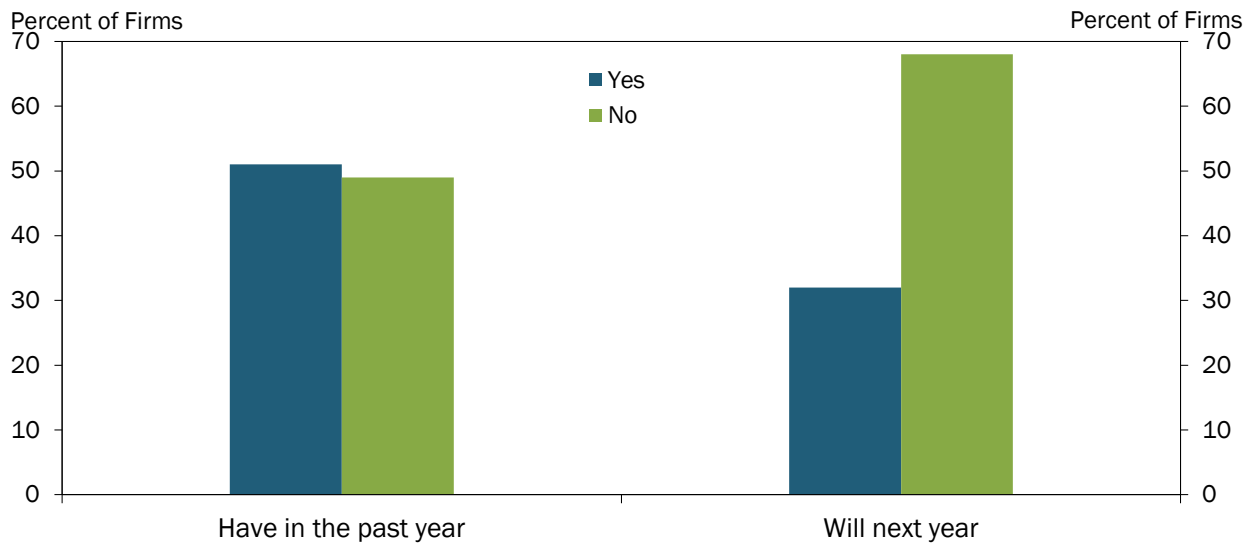
**Chart 1. Services Composite Indexes**



**Chart 2. Special Question: Has your firm invested or do you plan to invest in labor-saving or productivity-enhancing technology?**



**Chart 3. Special Question: Have you given out mid-year wage increases in the past year, and do you expect to give out mid-year wage increases this year?**



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

|  | Mar'23 | Apr'23 | May'23 | Jun'23 | Jul'23 | Aug'23 | Sep'23 | Oct'23 | Nov'23 | Dec'23 | Jan'24 | Feb'24 | Mar'24 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Versus a Month Ago</b><br>(seasonally adjusted)     |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Composite Index  | -3     | 5      | 2      | 11     | -1     | -1     | 1      | -1     | 0      | -7     | -2     | 12     | 7      |
| General Revenue/Sales                                  | -5     | 14     | 2      | 15     | 0      | -5     | 2      | -3     | 2      | -13    | -1     | 20     | 4      |
| Number of Employees                                    | -1     | -2     | 2      | 4      | -3     | 3      | -2     | 4      | -2     | 1      | -11    | 0      | 10     |
| Employee Hours Worked                                  | -3     | 11     | 4      | 11     | -4     | -2     | 0      | -1     | -1     | -9     | -4     | 7      | 3      |
| Part-Time/Temporary Employment                         | -5     | -7     | 1      | 4      | 7      | -2     | -3     | -8     | -3     | -4     | -10    | -10    | -8     |
| Wages and Benefits                                     | 21     | 24     | 17     | 25     | 21     | 20     | 21     | 20     | 19     | 12     | 27     | 25     | 37     |
| Inventory Levels                                       | -2     | -6     | 2      | 9      | 2      | 3      | 5      | -4     | -2     | -4     | 7      | 11     | 8      |
| Credit Conditions/Access to Credit                     | -5     | -13    | 2      | -7     | -12    | -12    | -9     | -10    | -8     | -4     | -5     | -12    | -11    |
| Capital Expenditures                                   | 13     | 11     | 13     | 15     | 11     | 12     | 9      | 6      | 16     | 11     | 8      | 2      | 28     |
| Input Prices   | 33     | 40     | 30     | 31     | 34     | 34     | 46     | 32     | 36     | 12     | 32     | 43     | 34     |
| Selling Prices   | 7      | 6      | 10     | 17     | 14     | 0      | 11     | 8      | 12     | 1      | 12     | 5      | 15     |
| <b>Versus a Year Ago</b><br>(not seasonally adjusted)  |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Composite Index  | -6     | -2     | -4     | -11    | -11    | 5      | 4      | 9      | 2      | 8      | -7     | -11    | -2     |
| General revenue/sales                                  | -9     | -9     | -16    | -17    | -18    | -2     | 0      | 12     | -1     | 7      | -9     | -23    | -6     |
| Number of employees                                    | -10    | 3      | 3      | -6     | -5     | 9      | 5      | 7      | 4      | 14     | -13    | -6     | 1      |
| Employee hours worked                                  | -3     | 8      | -4     | 5      | -5     | 3      | -1     | 16     | 11     | 13     | -11    | -11    | -7     |
| Part-time/temporary employment                         | -4     | -5     | 3      | -8     | 2      | 3      | 1      | -4     | -3     | 3      | -9     | -5     | -9     |
| Wages and benefits                                     | 65     | 61     | 68     | 70     | 68     | 57     | 74     | 70     | 68     | 63     | 57     | 66     | 66     |
| Inventory levels                                       | 6      | 8      | 14     | -2     | -2     | 16     | 14     | 4      | 7      | 1      | 6      | 10     | 5      |
| Credit conditions/access to credit                     | -10    | -8     | -3     | -9     | -17    | -22    | -12    | -19    | -10    | -9     | -10    | -14    | -10    |
| Capital expenditures                                   | 14     | 20     | 24     | 14     | 13     | 17     | 13     | 7      | 18     | 20     | 2      | 8      | 10     |
| Input prices   | 69     | 67     | 48     | 65     | 62     | 50     | 71     | 72     | 65     | 56     | 55     | 60     | 58     |
| Selling prices   | 29     | 30     | 37     | 28     | 34     | 22     | 35     | 38     | 40     | 39     | 31     | 27     | 39     |
| <b>Expected in Six Months</b><br>(seasonally adjusted) |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Composite Index  | 3      | 12     | 6      | -2     | 4      | 5      | 4      | 6      | 12     | -1     | 3      | -3     | 1      |
| General revenue/sales                                  | 6      | 17     | 4      | 1      | 8      | 3      | 6      | 13     | 21     | -1     | 3      | -9     | 6      |
| Number of employees                                    | -1     | 14     | 9      | -3     | 3      | 9      | 1      | 3      | 5      | 2      | 4      | 5      | -2     |
| Employee hours worked                                  | 3      | 8      | 5      | 5      | 5      | 3      | 3      | 8      | 8      | 5      | -5     | 0      | 6      |
| Part-time/temporary employment                         | 3      | -1     | -1     | -2     | 2      | 3      | 0      | 1      | 2      | -2     | -1     | -11    | -4     |
| Wages and benefits                                     | 52     | 51     | 41     | 50     | 46     | 44     | 46     | 52     | 45     | 28     | 38     | 53     | 54     |
| Inventory levels                                       | 2      | -2     | 4      | -6     | -3     | 2      | 4      | -5     | 2      | -3     | 1      | 1      | -8     |
| Credit conditions/access to credit                     | -5     | -13    | -5     | -6     | -14    | -14    | -10    | -15    | -8     | -2     | -11    | -11    | -8     |
| Capital expenditures                                   | 21     | 15     | 11     | 15     | 15     | 13     | 10     | 13     | 18     | 8      | 9      | 6      | 11     |
| Input prices   | 61     | 59     | 44     | 51     | 52     | 49     | 53     | 43     | 56     | 34     | 53     | 67     | 45     |
| Selling prices   | 32     | 19     | 22     | 28     | 25     | 26     | 25     | 31     | 32     | 24     | 27     | 28     | 36     |