

# ECONOMIC CONDITIONS IN THE SERVICES SECTOR

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FEDERAL RESERVE BANK  
OF MINNEAPOLIS

# DISCLAIMER

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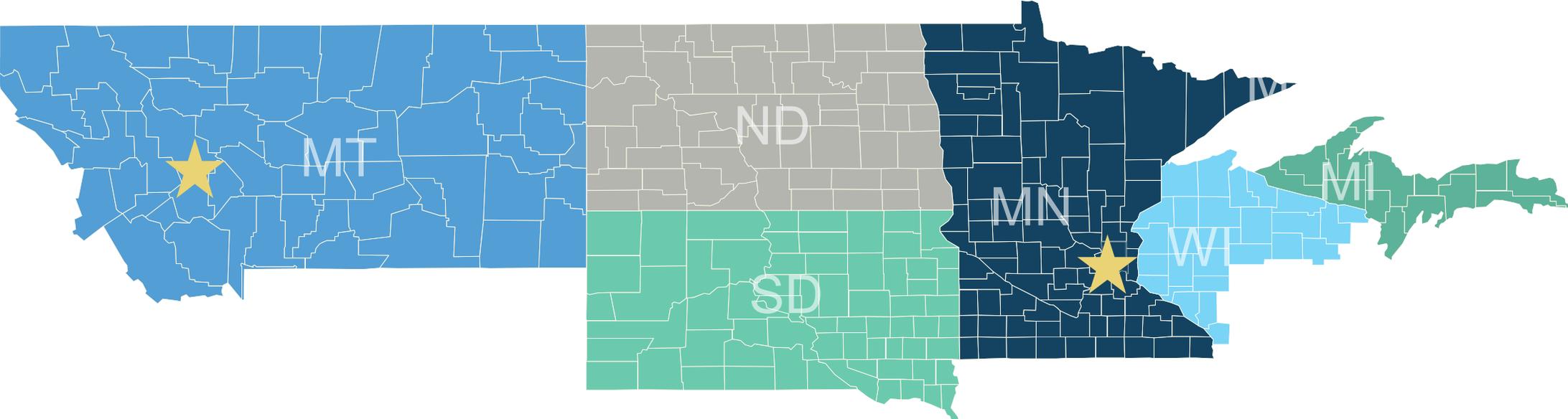
## TODAY'S PRESENTATION

- Services sector
- Survey results
  - Steady activity over last 12 months
  - Outlook mildly optimistic
- Inflation challenges



# FEDERAL RESERVE BANK OF MINNEAPOLIS

## THE FED'S NINTH DISTRICT





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# THE SERVICES SECTOR

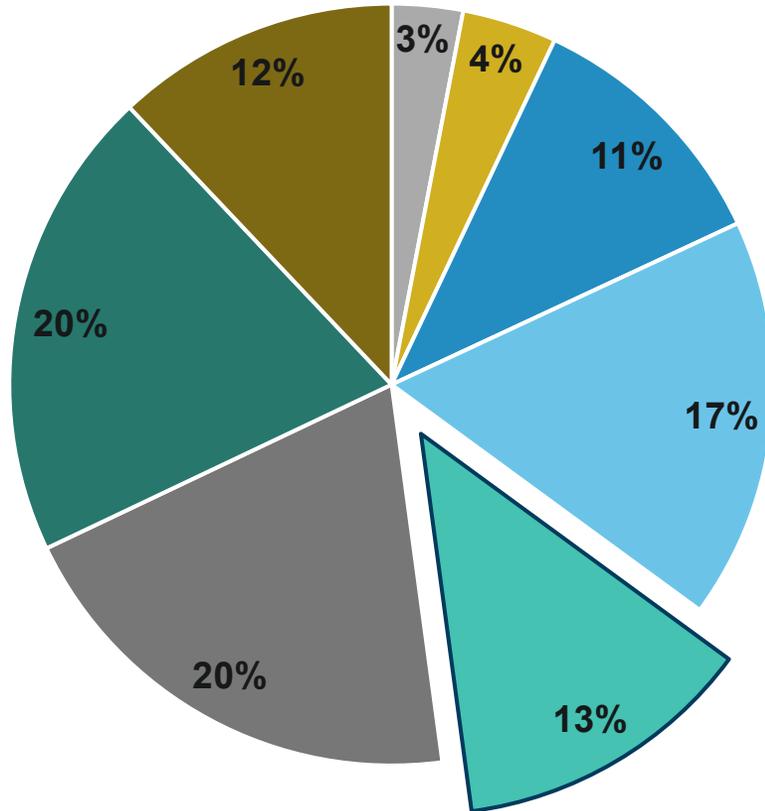
## SECTORS WE SURVEYED

- Professional, scientific, and technical services (NAICS code 541)
  - Design, engineering, architecture
  - Marketing and advertising
  - Research and development
  - Legal services
  - Accounting, tax prep
- Administrative and support services (NAICS code 561)
  - Employment services
  - Business support
  - Clerical and administrative
  - Investigation and security
  - Facilities support and cleaning

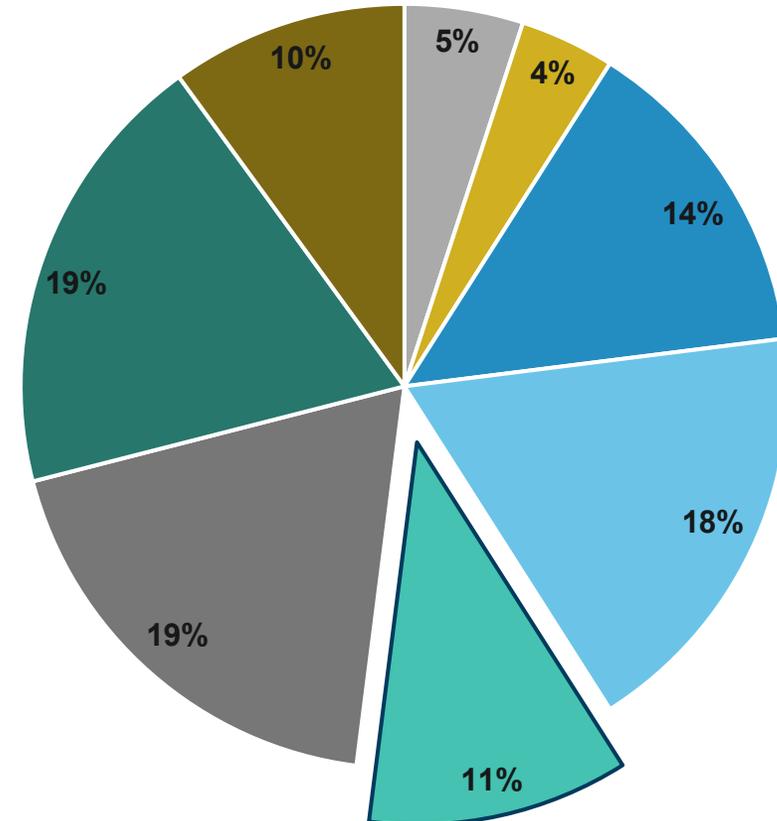


# OUTPUT BY INDUSTRY, 2022, U.S. & NINTH DISTRICT

## U.S.



## Ninth District



- Natural resources
- Construction
- Manufacturing
- Trade, Transportation & Utilities
- Professional and Business Services
- Other Services
- Finance, Insurance & Real Estate
- Government

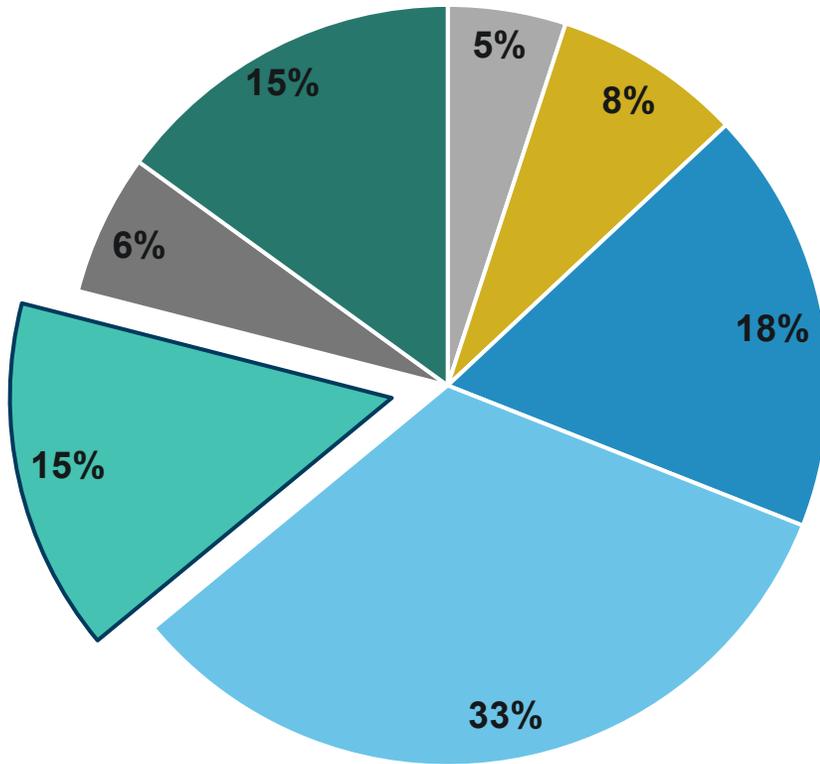
Source: Bureau of Economic Analysis



FEDERAL RESERVE BANK OF MINNEAPOLIS

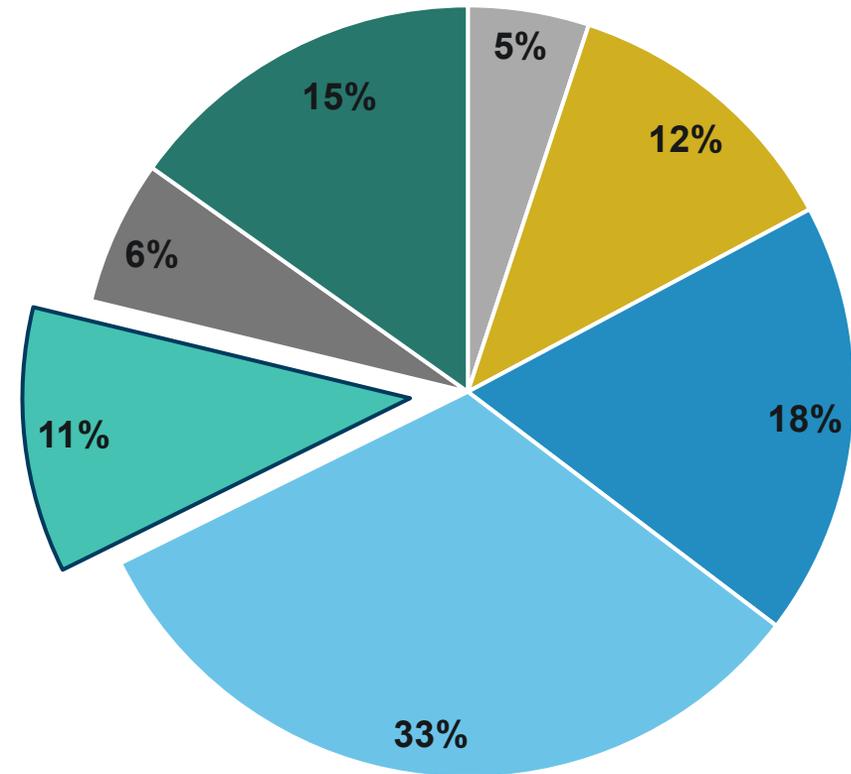
# EMPLOYMENT BY INDUSTRY, MAY 2023, U.S. & DISTRICT

## U.S.



- Construction
- Trade, Transportation and Utilities
- Professional and Business Services
- Government

## Ninth District



- Manufacturing
- Other Services
- Financial Services

Source: Bureau of Labor Statistics



FEDERAL RESERVE BANK OF MINNEAPOLIS



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- **Survey results**
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- Inflation challenges



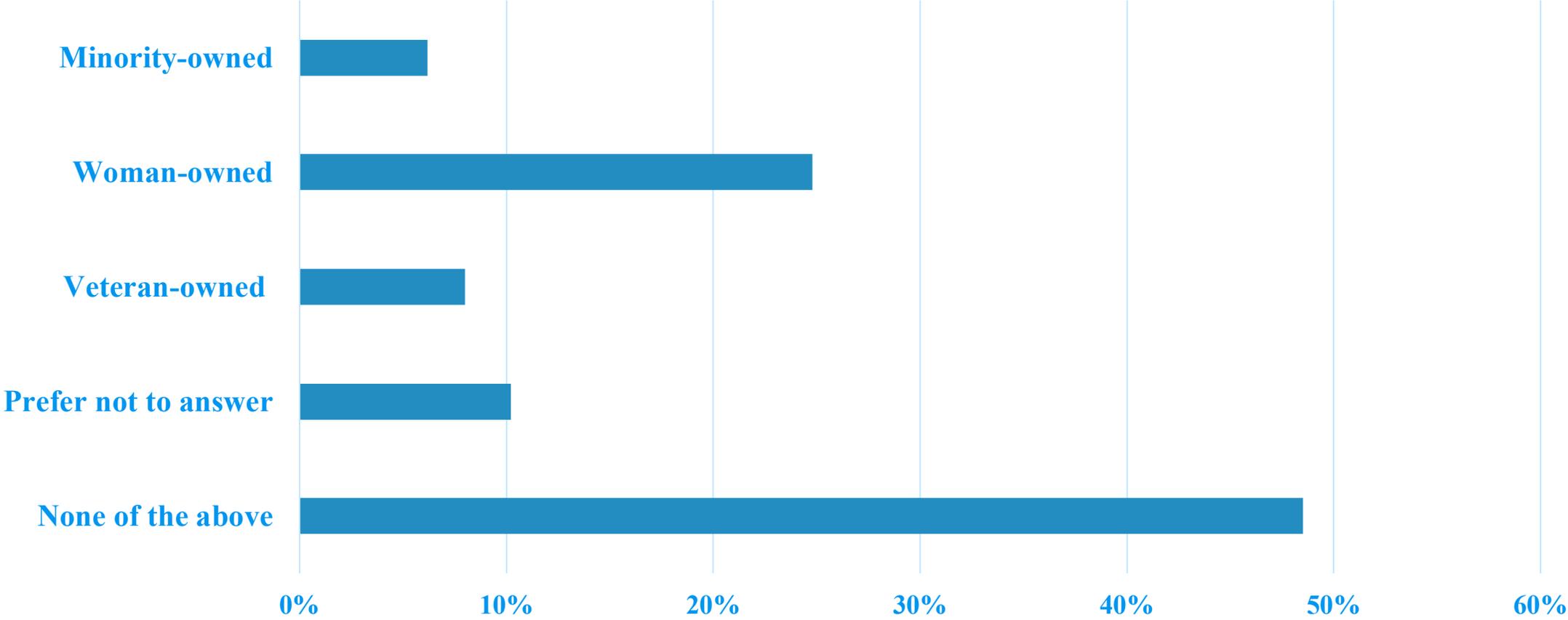
## **BUSINESS STEADY, OUTLOOK MILDLY POSITIVE**

- **Ninth District survey**
  - **Conducted in May and June, looking backward and forward one year (four quarters)**
  - **Random sample of services firms, polled by mail**
  - **Stratified by state and firm size**
  - **All states, 332 respondents**
- **Conducted in partnership with Minnesota DEED**



# WHO TOOK THE SURVEY?

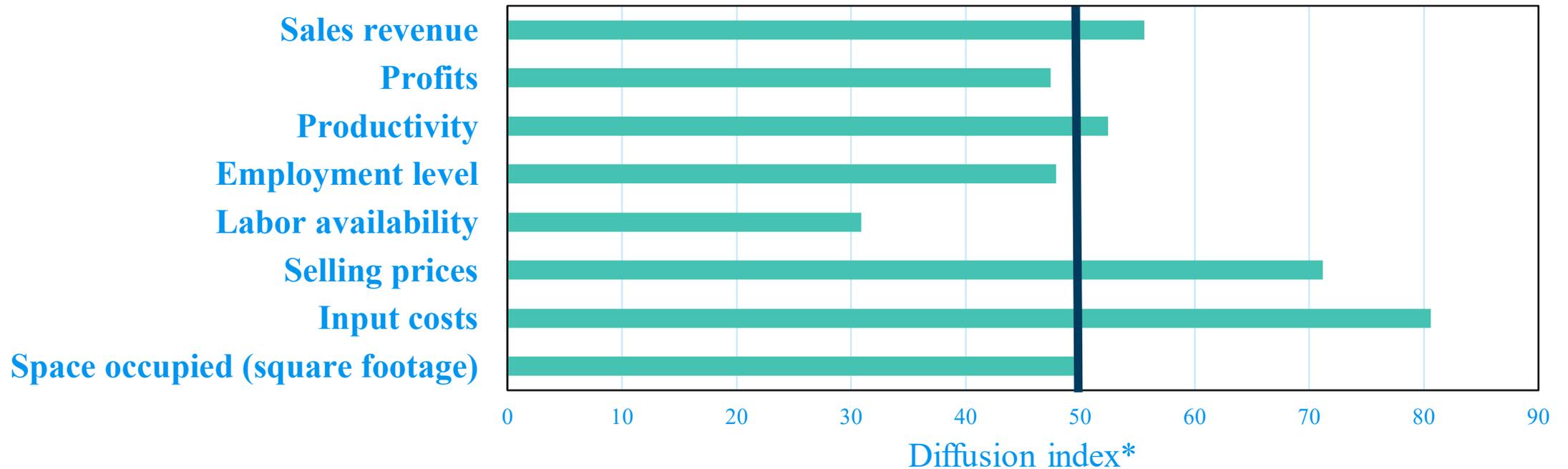
**PLEASE CHECK ANY/ALL THAT APPLY TO YOUR FIRM'S OWNERSHIP:**



# SURVEY RESULTS

## SALES AND PRICES UP, OTHER ACTIVITY STEADY

### 2022/2023 Performance

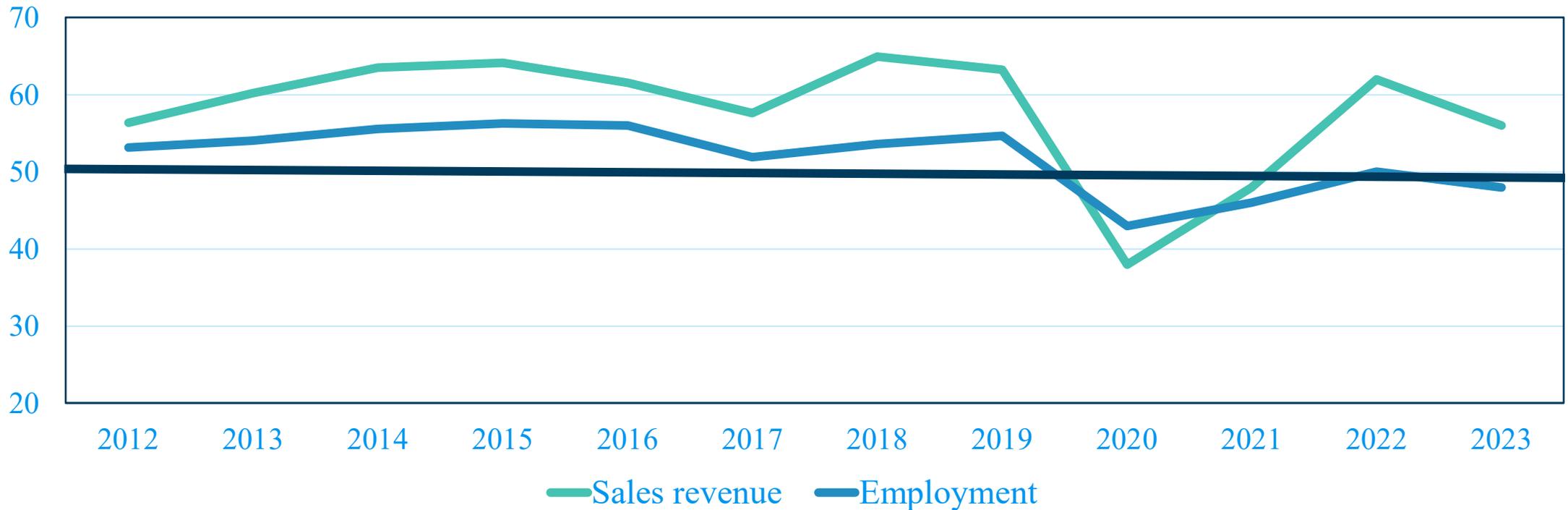


\*Index number above 50 indicates expansion.  
Index number below 50 indicates contraction.



# SURVEY RESULTS

## PERFORMANCE DECLINED FROM LAST YEAR'S SURVEY

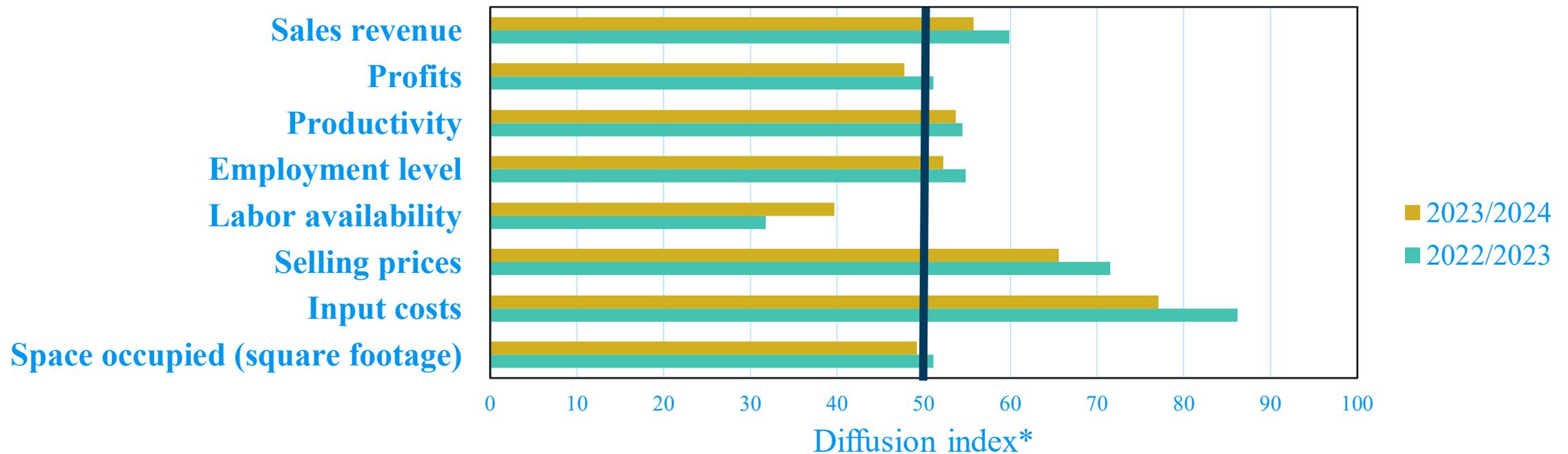


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## 12-MONTH OUTLOOK IS STILL CAUTIOUSLY OPTIMISTIC

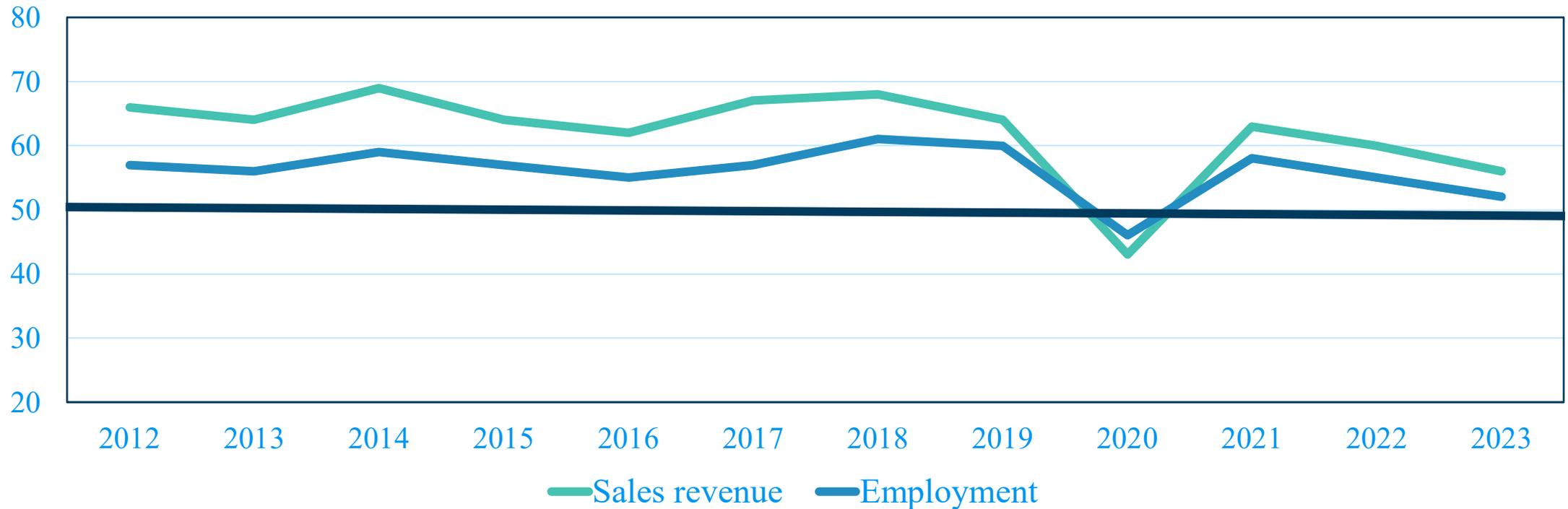
### 2023/2024 Outlook



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Index number below 50 indicates contraction.



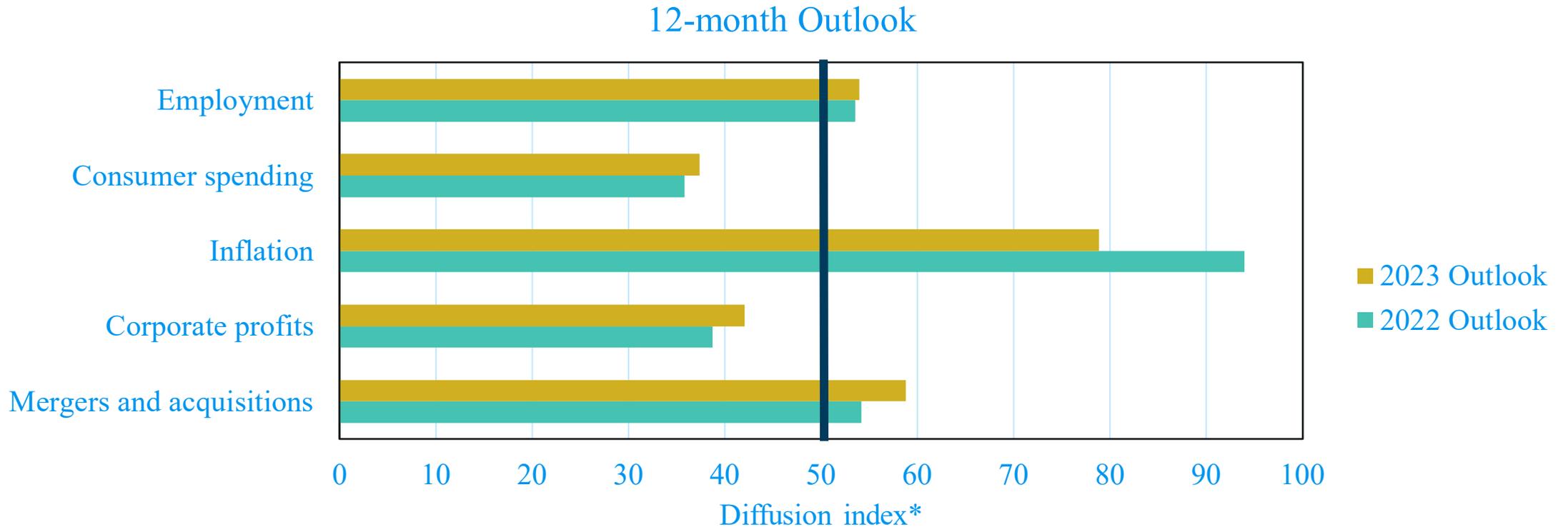
## EXPECTATIONS DOWN SLIGHTLY BUT OVERALL POSITIVE



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## ECONOMIC OUTLOOKS MORE OPTIMISTIC THAN LAST YEAR



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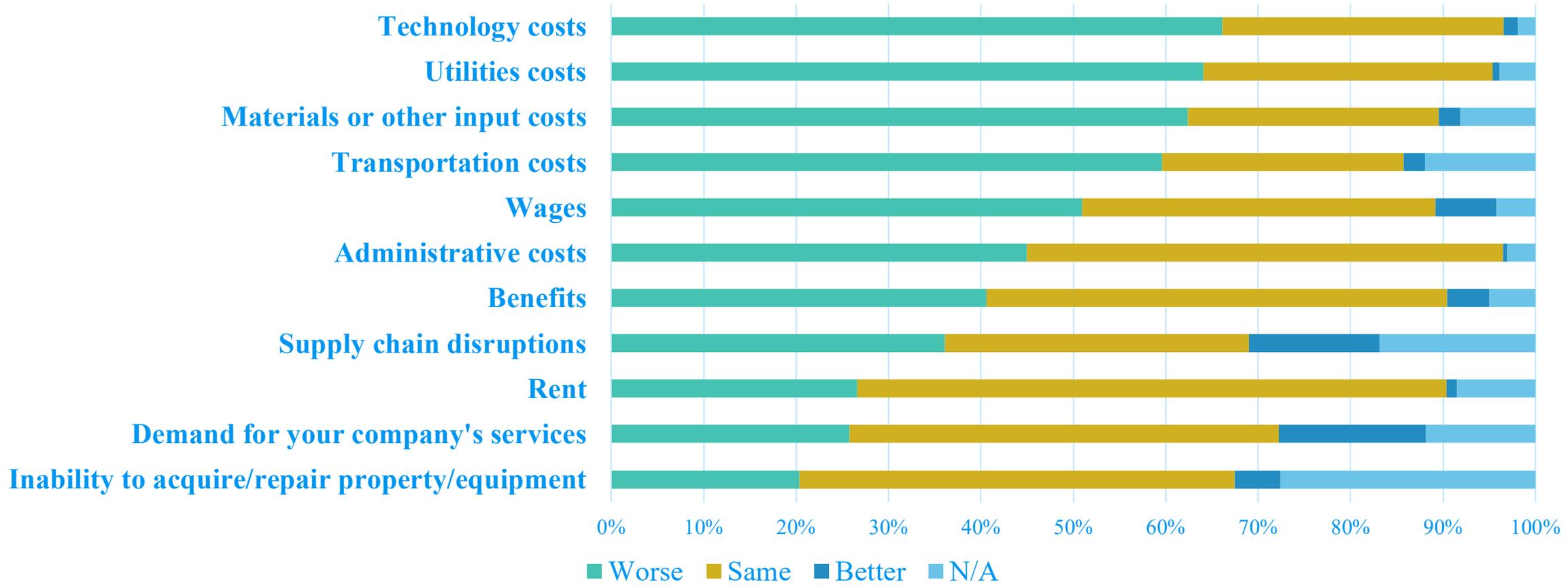
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# MOST SOURCES OF INFLATION STILL A MAJOR PROBLEM

## COMPARED WITH 2022, HOW HAVE THE FOLLOWING SOURCES OF INFLATIONARY PRESSURE CHANGED?





**THANK YOU!**  
***SPEECH REFERRALS***  
***WELCOME!***

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**OR CONNECT ON LINKEDIN**