

ECONOMIC CONDITIONS IN THE SERVICES SECTOR

August 2, 2024

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Regional Outreach Director



FEDERAL RESERVE BANK
OF MINNEAPOLIS

DISCLAIMER

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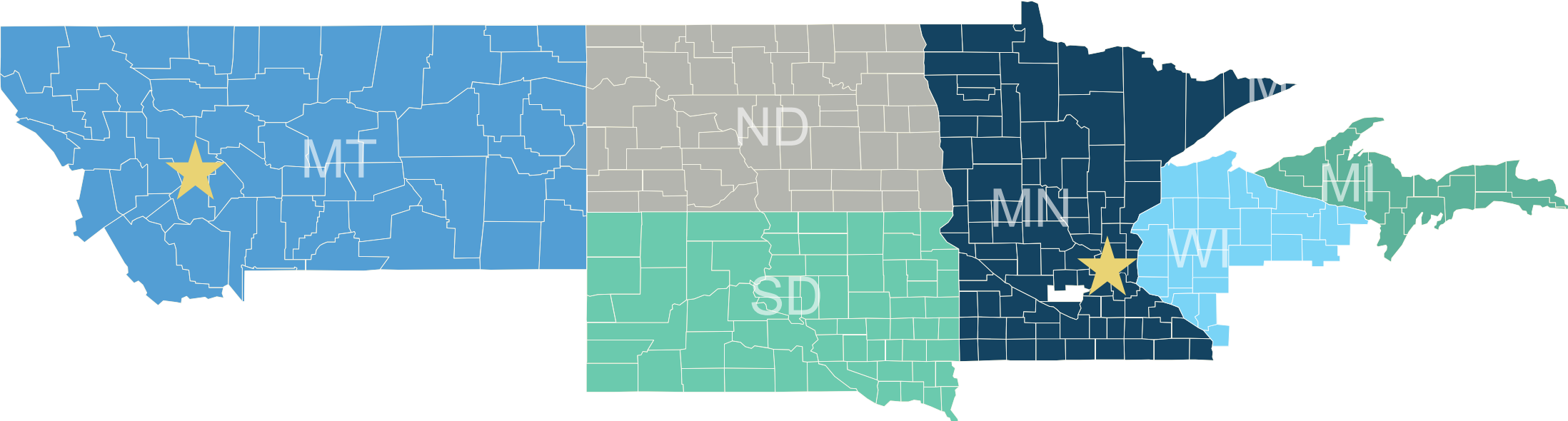
TODAY'S PRESENTATION

- Services sector
- Survey results
 - Modest growth over last 12 months
 - Outlook modestly optimistic
- A.I. & Office usage



FEDERAL RESERVE BANK OF MINNEAPOLIS

THE FED'S NINTH DISTRICT





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THE SERVICES SECTOR

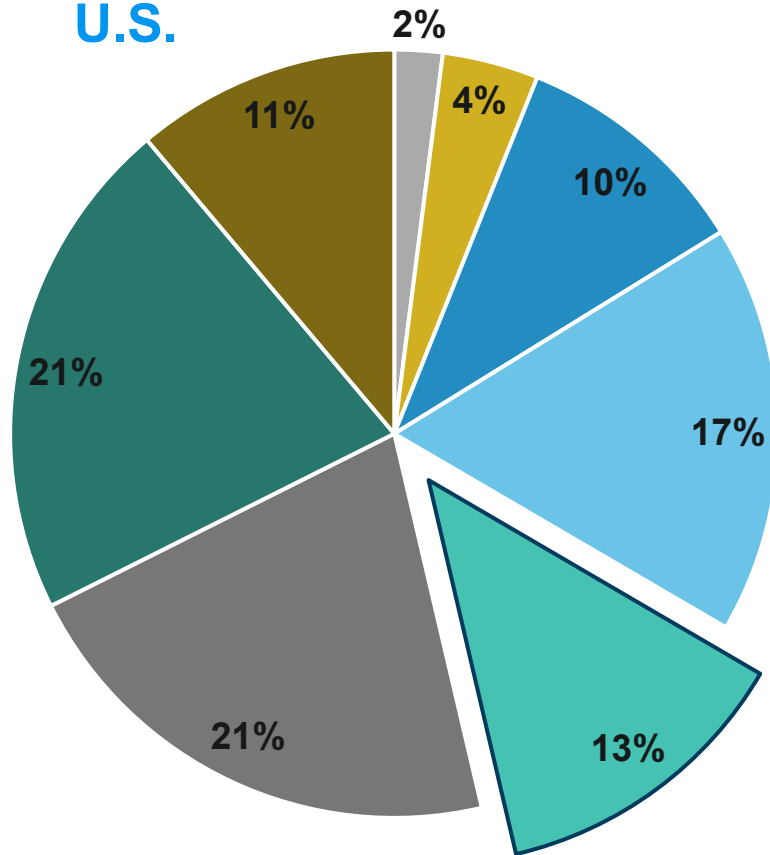
SECTORS WE SURVEYED

- 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

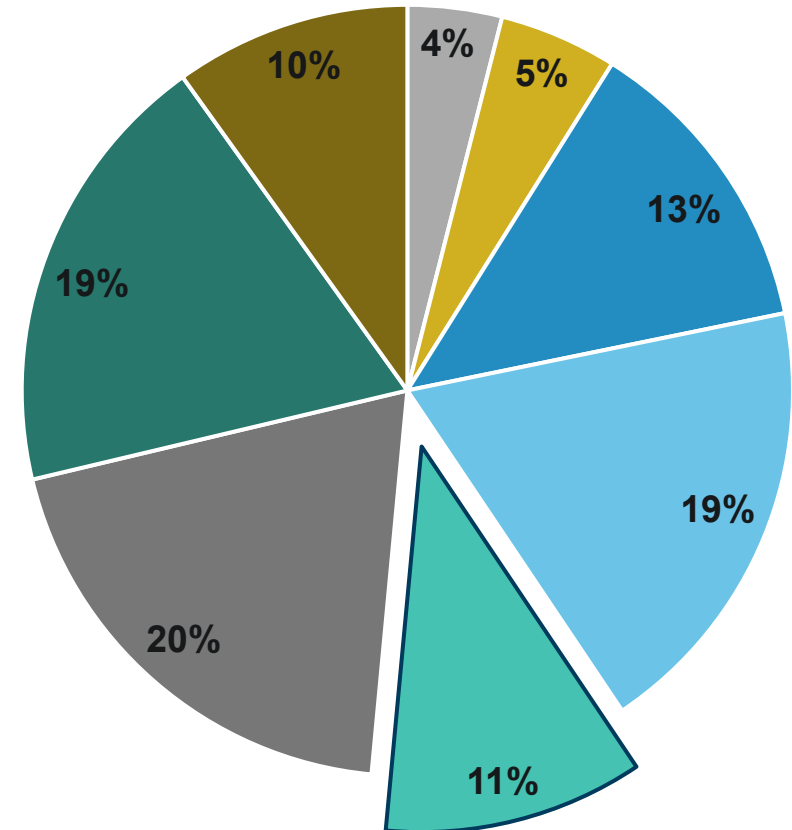


OUTPUT BY INDUSTRY, 2023, U.S. & NINTH DISTRICT

U.S.



Ninth District



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

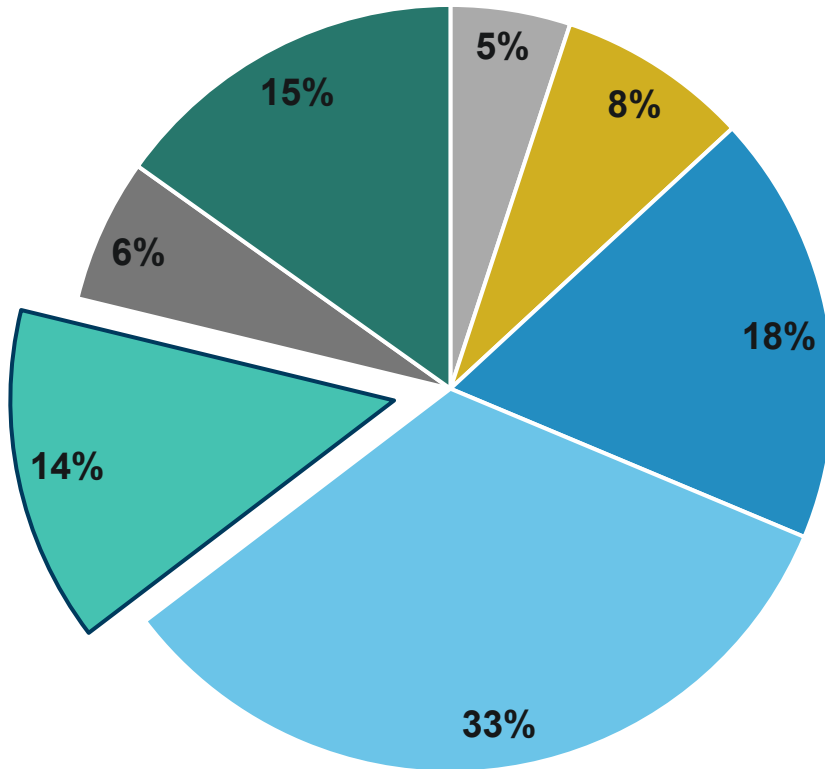
Source: Bureau of Economic Analysis



FEDERAL RESERVE BANK OF MINNEAPOLIS

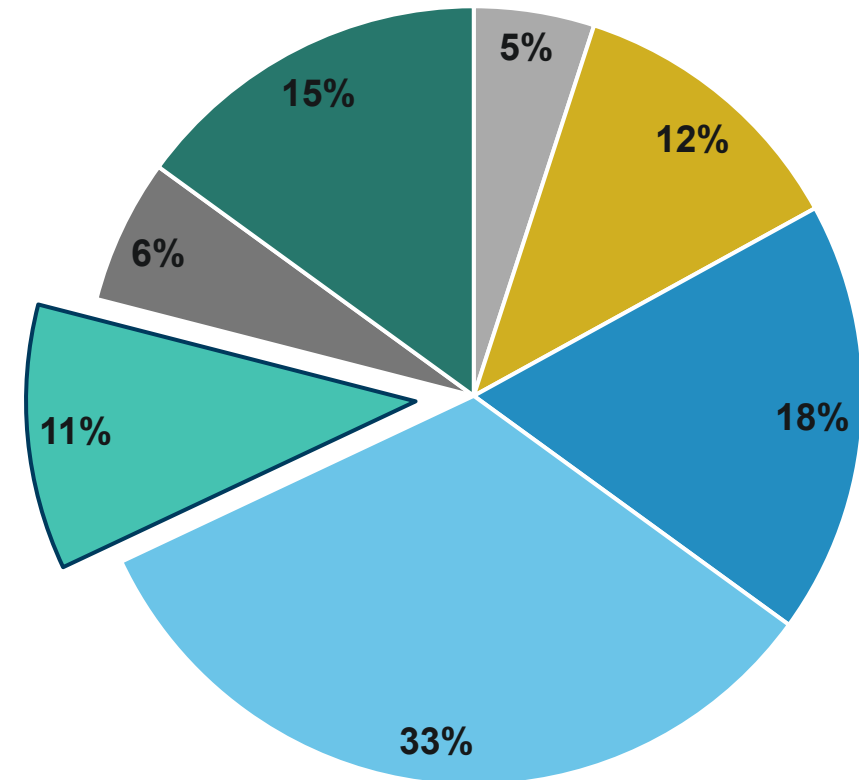
EMPLOYMENT BY INDUSTRY, JUNE 2024, U.S. & DISTRICT

U.S.



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

Ninth District



- Manufacturing
- Other Services
- Financial Services

Source: Bureau of Labor Statistics



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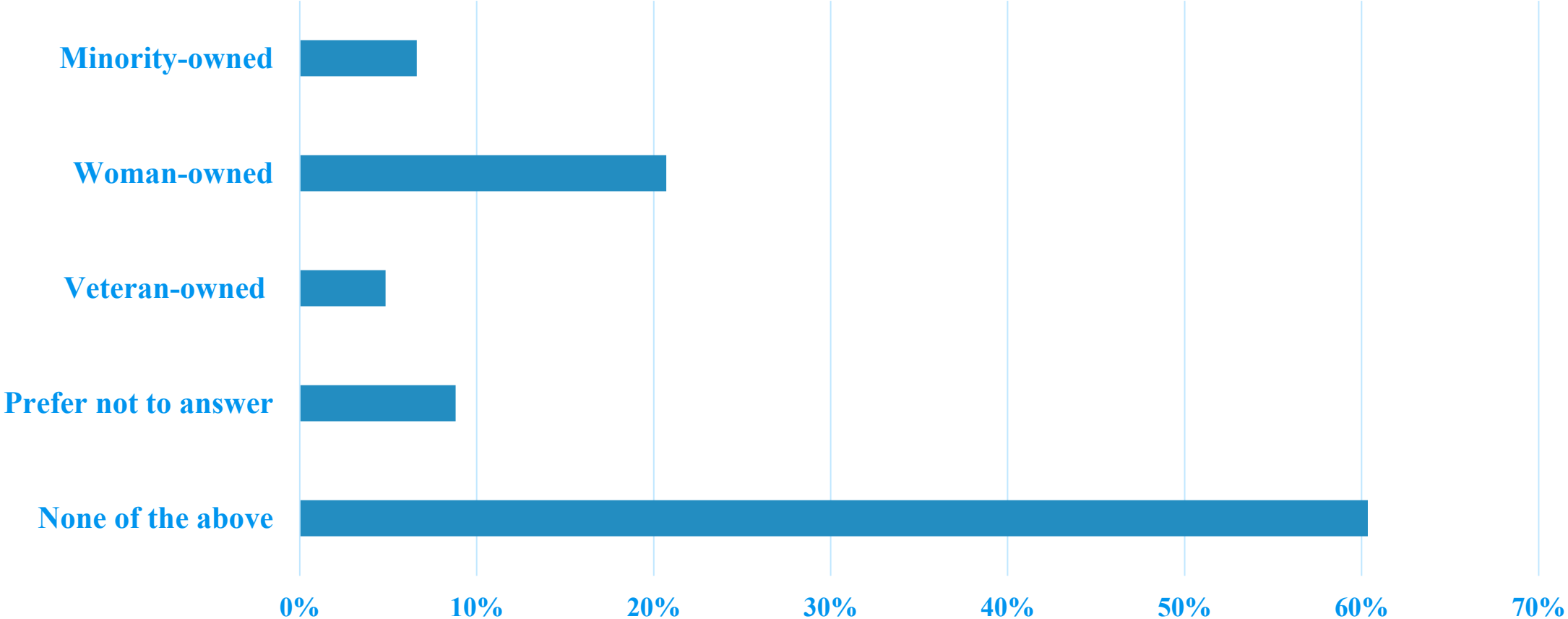
BUSINESS STEADY, OUTLOOK MILDLY POSITIVE

- **Ninth District survey**
 - **Conducted in May through July, looking backward and forward one year (four quarters)**
 - **Random sample of services firms, polled by mail**
 - **Stratified by state and firm size**
 - **All states, 298 respondents**
- **Conducted in partnership with Minnesota DEED**



WHO TOOK THE SURVEY?

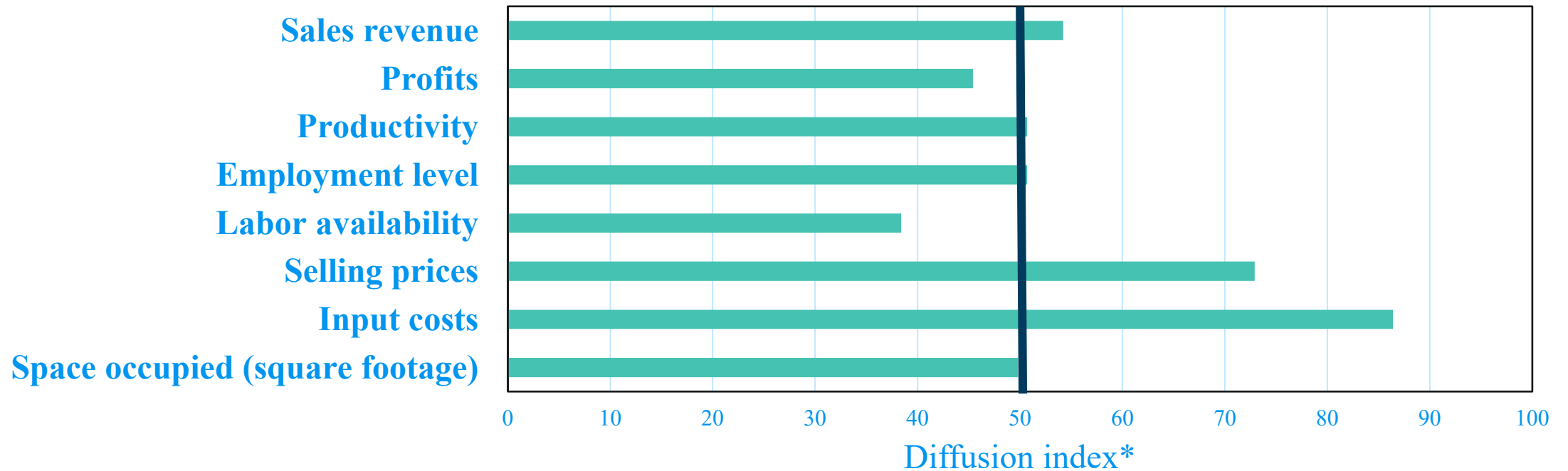
PLEASE CHECK ANY/ALL THAT APPLY TO YOUR FIRM'S OWNERSHIP:



SURVEY RESULTS

SALES AND PRICES UP, OTHER ACTIVITY STEADY

2023/2024 Performance

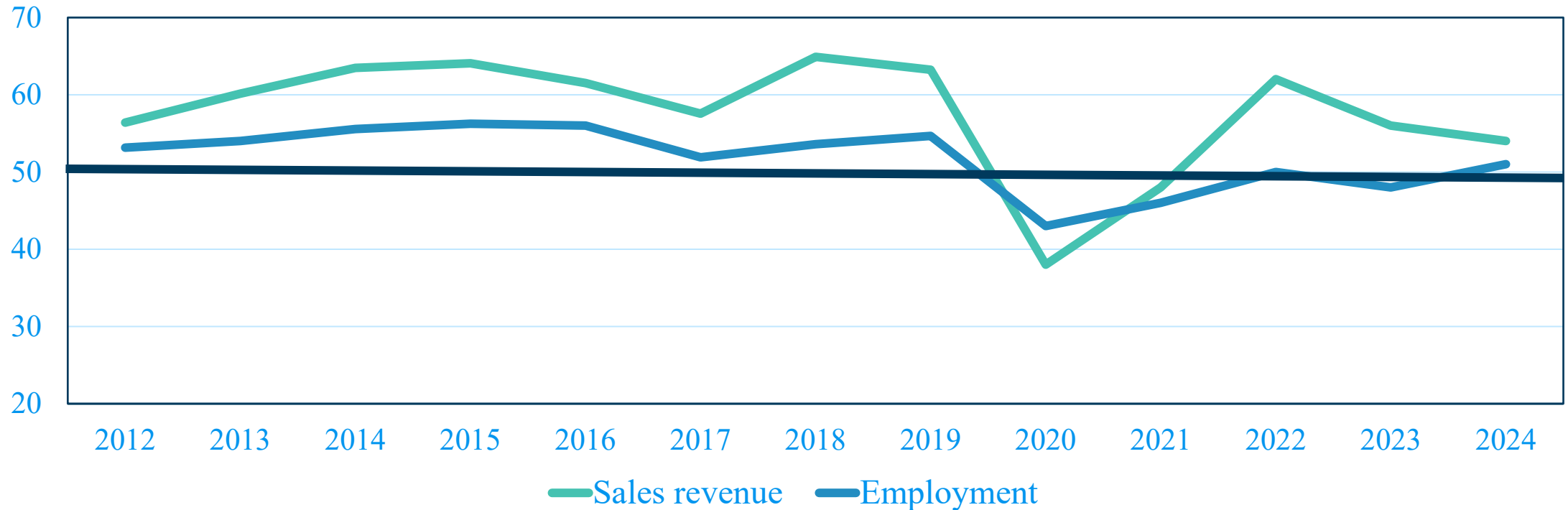


*Index number above 50 indicates expansion.
Index number below 50 indicates contraction.



SURVEY RESULTS

SALES DOWN, EMPLOYMENT UP FROM LAST YEAR'S SURVEY



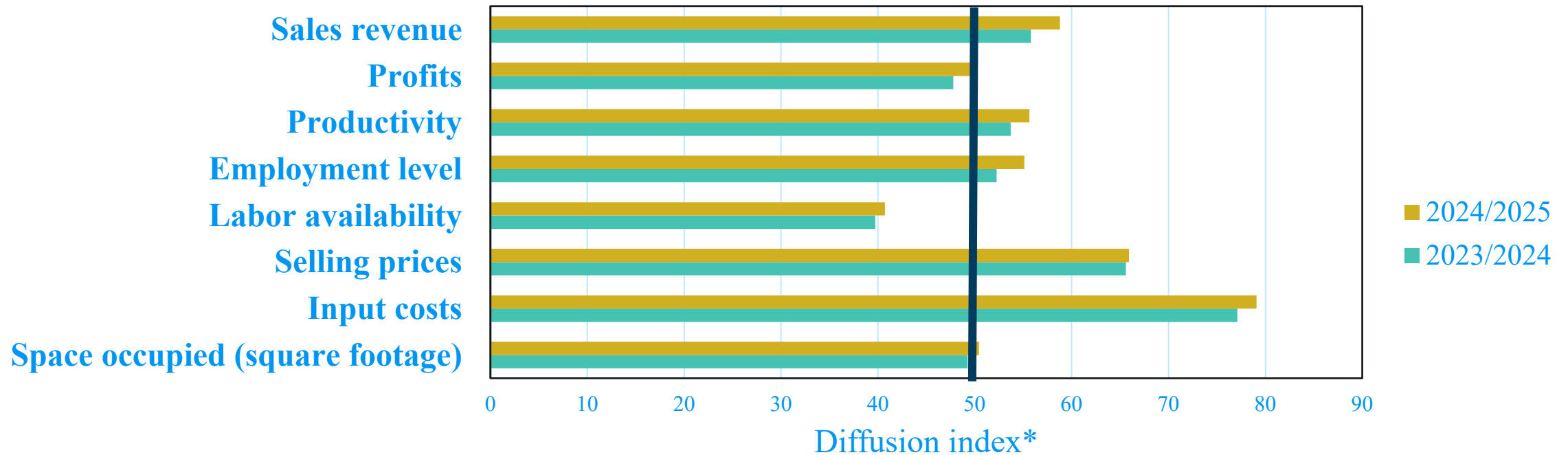
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SURVEY OUTLOOK

12-MONTH OUTLOOK IS MODERATELY OPTIMISTIC

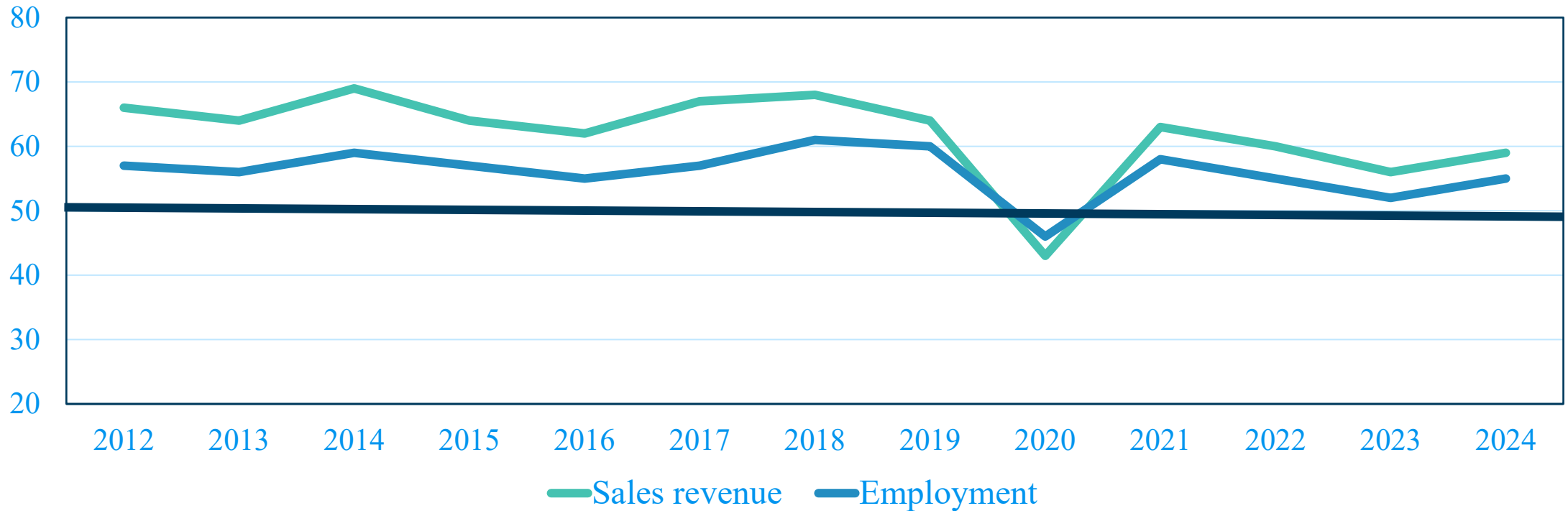
2024/2025 Outlook



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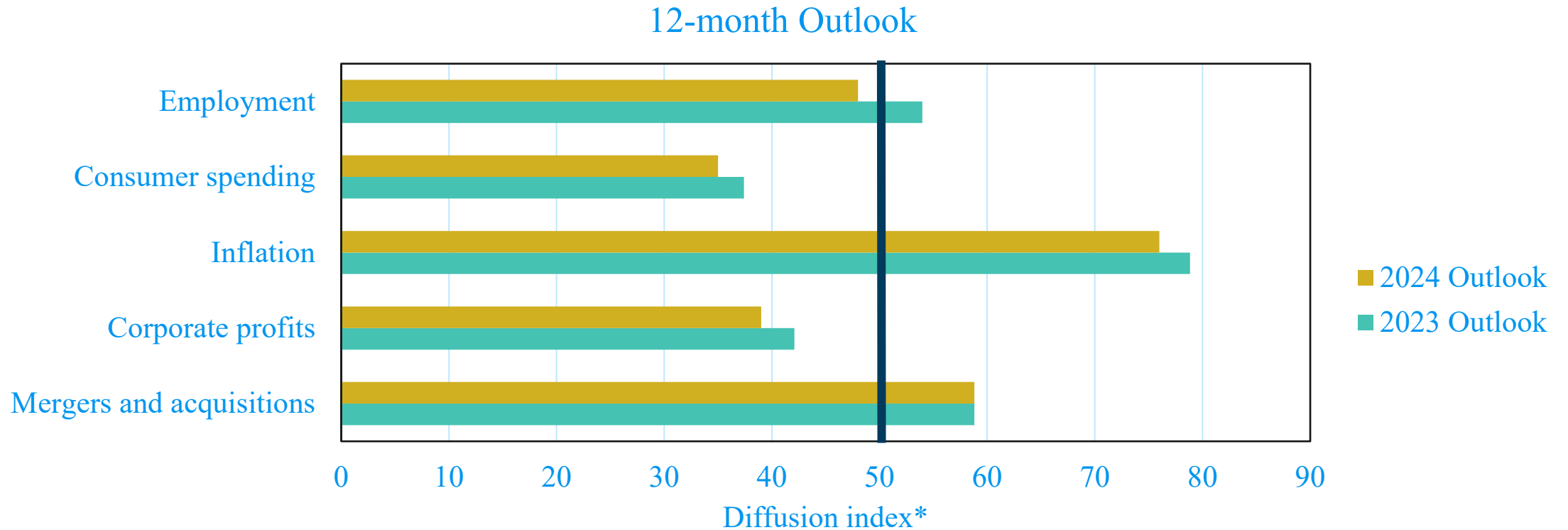
EXPECTATIONS REBOUND FROM LAST YEAR



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STATE ECONOMIC OUTLOOKS LESS OPTIMISTIC



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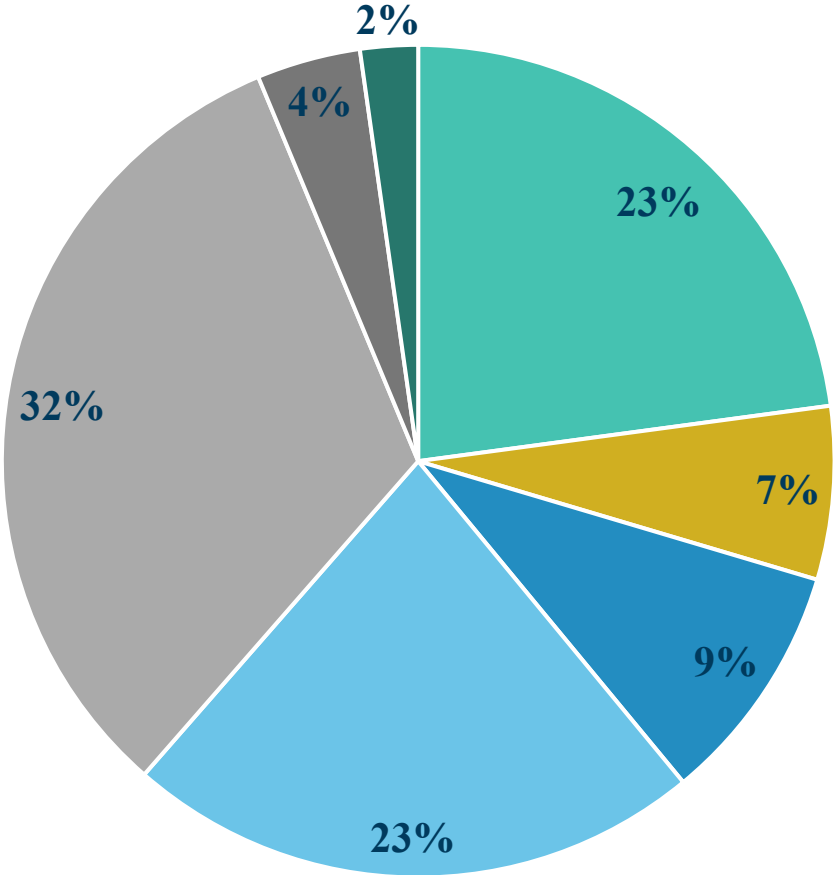
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SUBDUED EXPECTATIONS FOR A.I.

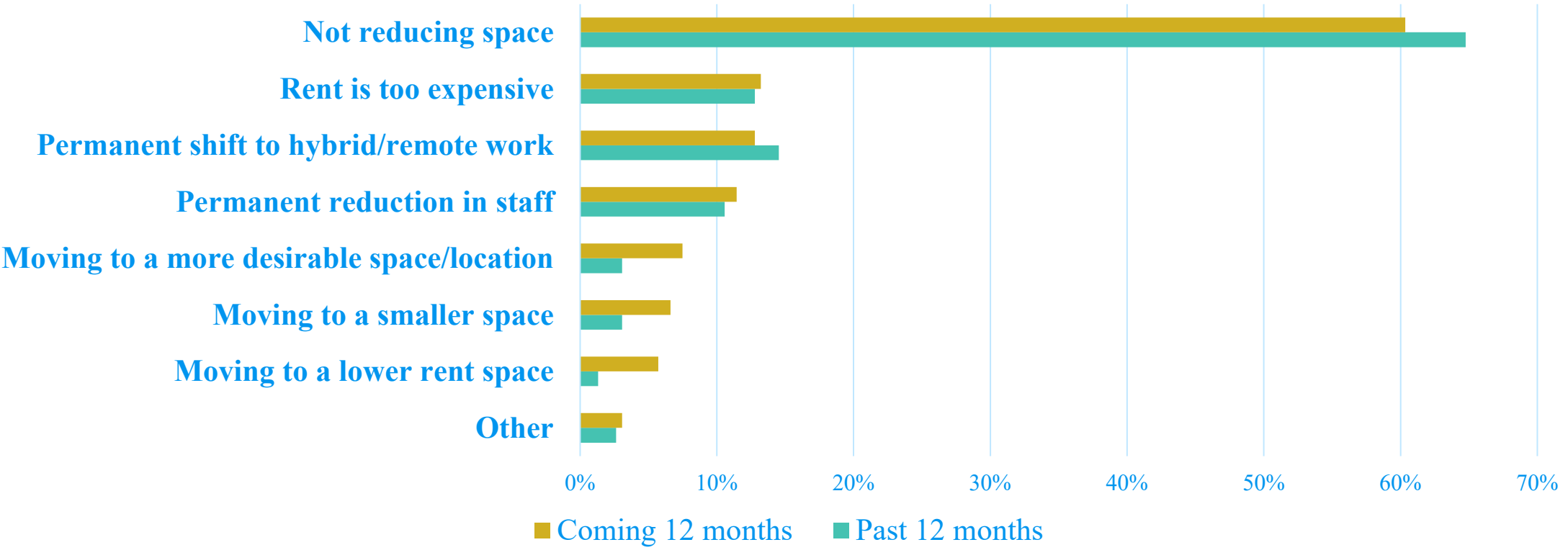
WHAT IMPACT DO YOU EXPECT A.I. TO HAVE ON YOUR BUSINESS IN THE COMING YEAR?



- No impact
- Very negative impact
- Slightly negative impact
- Neutral impact
- Slightly positive impact
- Very positive impact
- Other

MOST FIRMS NOT REDUCING OFFICE SPACE

PLEASE INDICATE REASONS FOR REDUCTION IN YOUR OFFICE SPACE, IF ANY





THANK YOU!
SPEECH REFERRALS
WELCOME!

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OR CONNECT ON LINKEDIN