

ECONOMIC CONDITIONS IN THE SERVICES SECTOR

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FEDERAL RESERVE BANK
OF MINNEAPOLIS



DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.





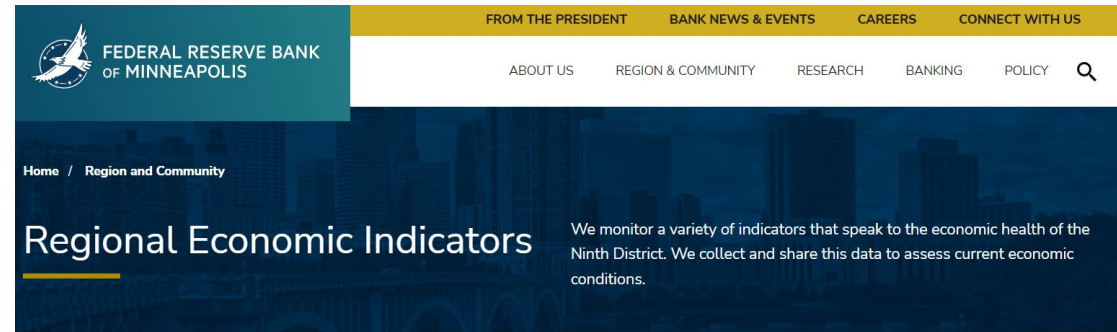
TODAY'S PRESENTATION

- Services sector
- Survey results
 - Slight growth over last 12 months
 - Outlook modestly optimistic
- Labor market still tight



MINNEAPOLIS FED BUSINESS PULSE SURVEY

- Monthly business conditions survey, three years running
- Tracks a variety of business indicators and prices, looking one month back and forward
- Results published on minneapolisfed.org



JUMP TO:

INFLATION

EMPLOYMENT

LABOR MARKETS

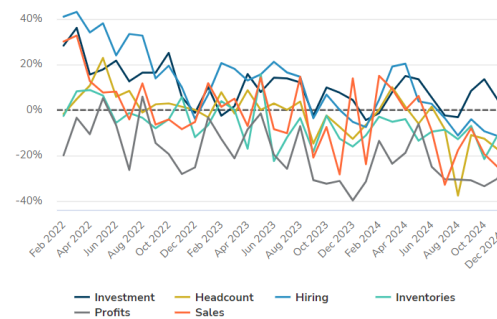
BUSINESS CONDITIONS

BUSINESS CONDITIONS

These data are drawn from a monthly survey conducted by the Federal Reserve Bank of Minneapolis. Responses come from a list of business owners and/or managers in a variety of industry sectors from across the Ninth District, who have volunteered to share information with the Minneapolis Fed via electronic survey. Contacts are asked to report on a consistent set of business metrics each month, indicating whether they have increased, decreased, or remained unchanged relative to the previous month, and to report about their expectations for the month ahead. Results are summarized here as the net share of those reporting whether an indicator increased.

How business performance is changing

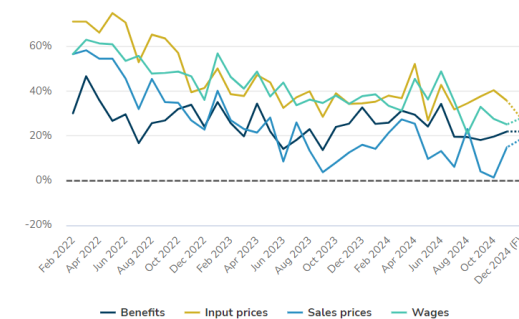
Net share of business contacts who report indicators are increasing



Source: Minneapolis Fed Ninth District Business Conditions Survey

How prices are changing for businesses

Net share of business contacts who report prices are increasing



Source: Minneapolis Fed Ninth District Business Conditions Survey



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MINNEAPOLIS FED BUSINESS PULSE SURVEY

Scan to become a source:



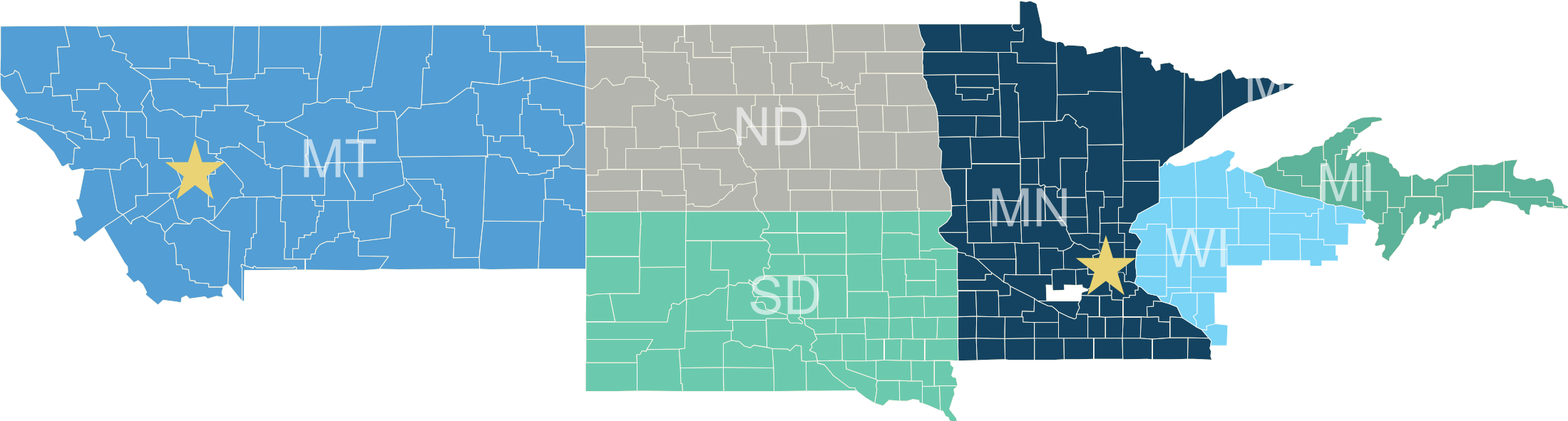
- Highly-engaged business contacts representing all industries, firm sizes, and District states.
- Panelists opt-in, recruited via multiple channels (in-person events, partner orgs, subscribers, etc.)
- << Sign-up to participate!



FEDERAL RESERVE BANK OF MINNEAPOLIS

FEDERAL RESERVE BANK OF MINNEAPOLIS

THE FED'S NINTH DISTRICT





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THE SERVICES SECTOR

SECTORS WE SURVEYED

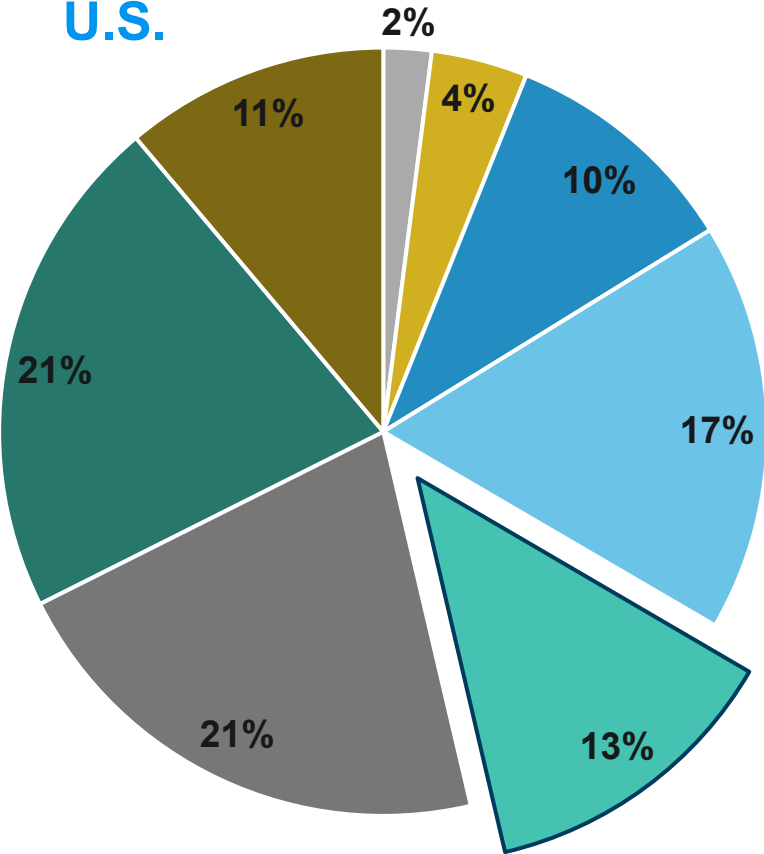
- Professional, scientific, and technical services (NAICS code 541)
 - Design, engineering, architecture
 - Marketing and advertising
 - Research and development
 - Legal services
 - Accounting, tax prep
- Administrative and support services (NAICS code 561)
 - Employment services
 - Business support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



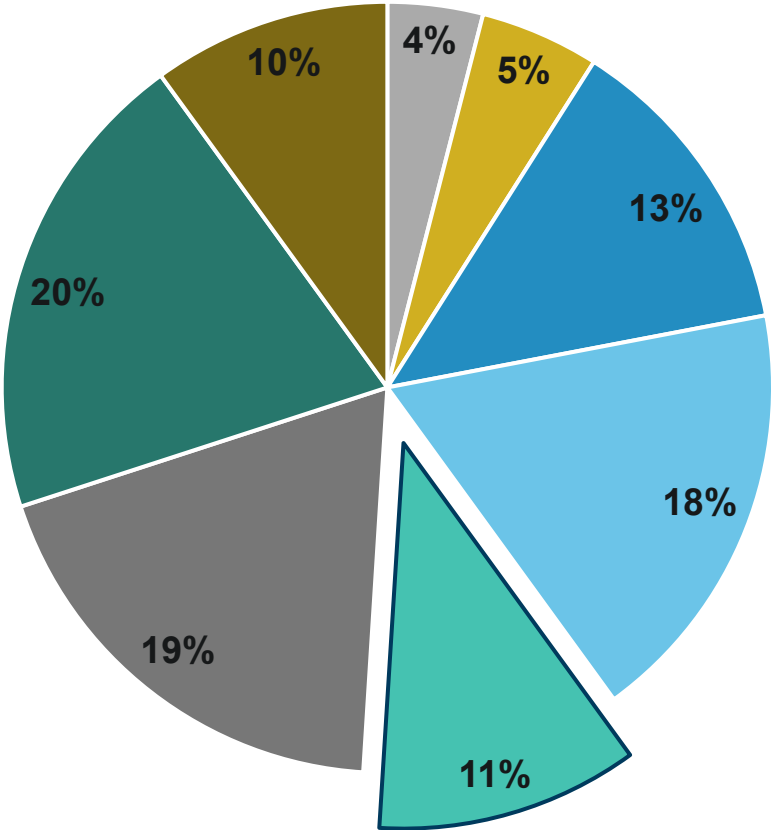


OUTPUT BY INDUSTRY, 2024, U.S. & NINTH DISTRICT

U.S.



Ninth District



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

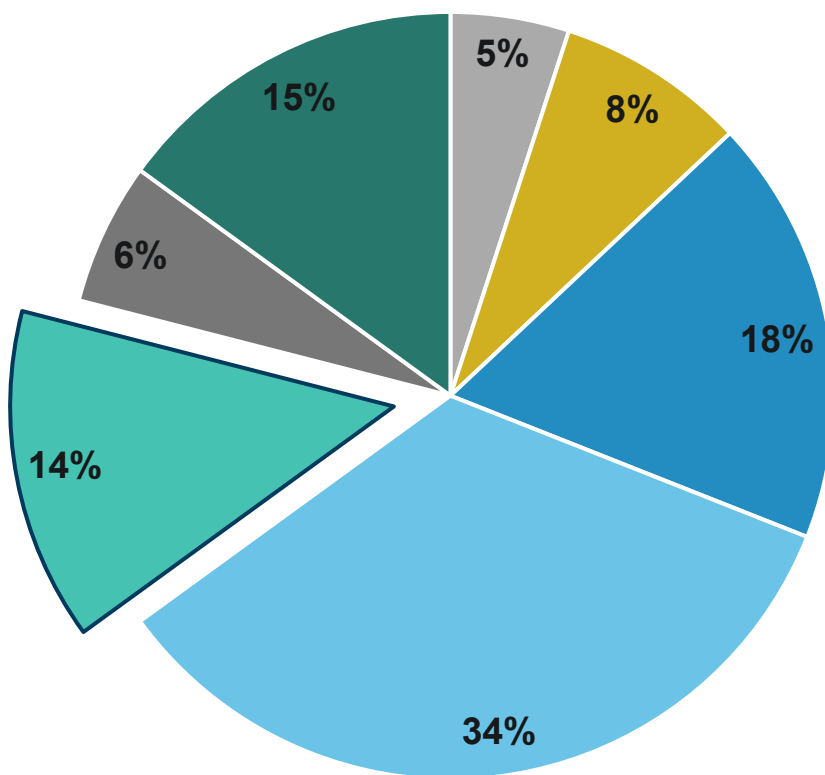
Source: Bureau of Economic Analysis



FEDERAL RESERVE BANK OF MINNEAPOLIS

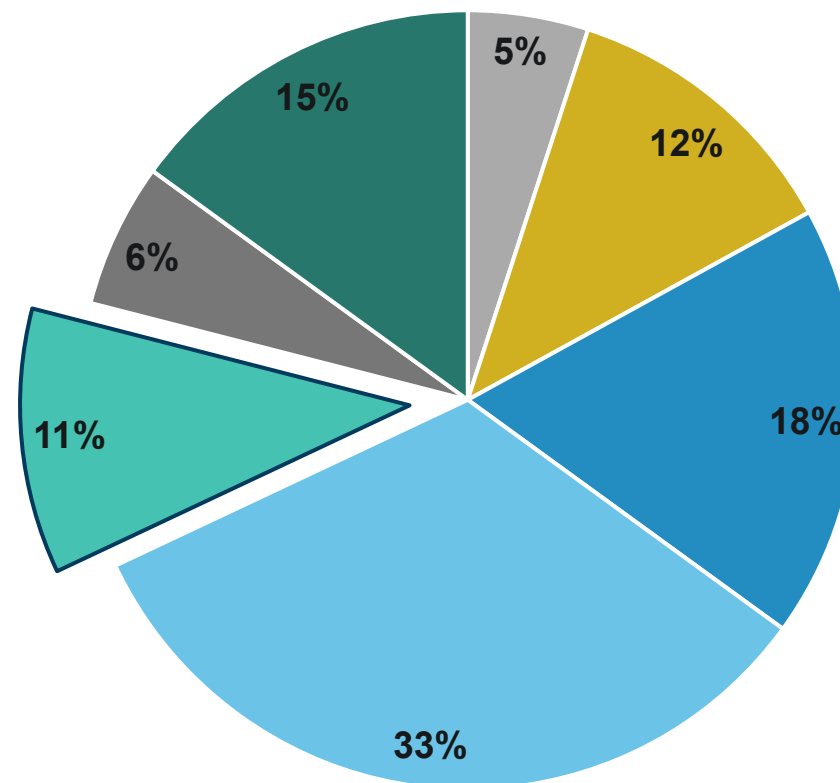
EMPLOYMENT BY INDUSTRY, JUNE 2025, U.S. & DISTRICT

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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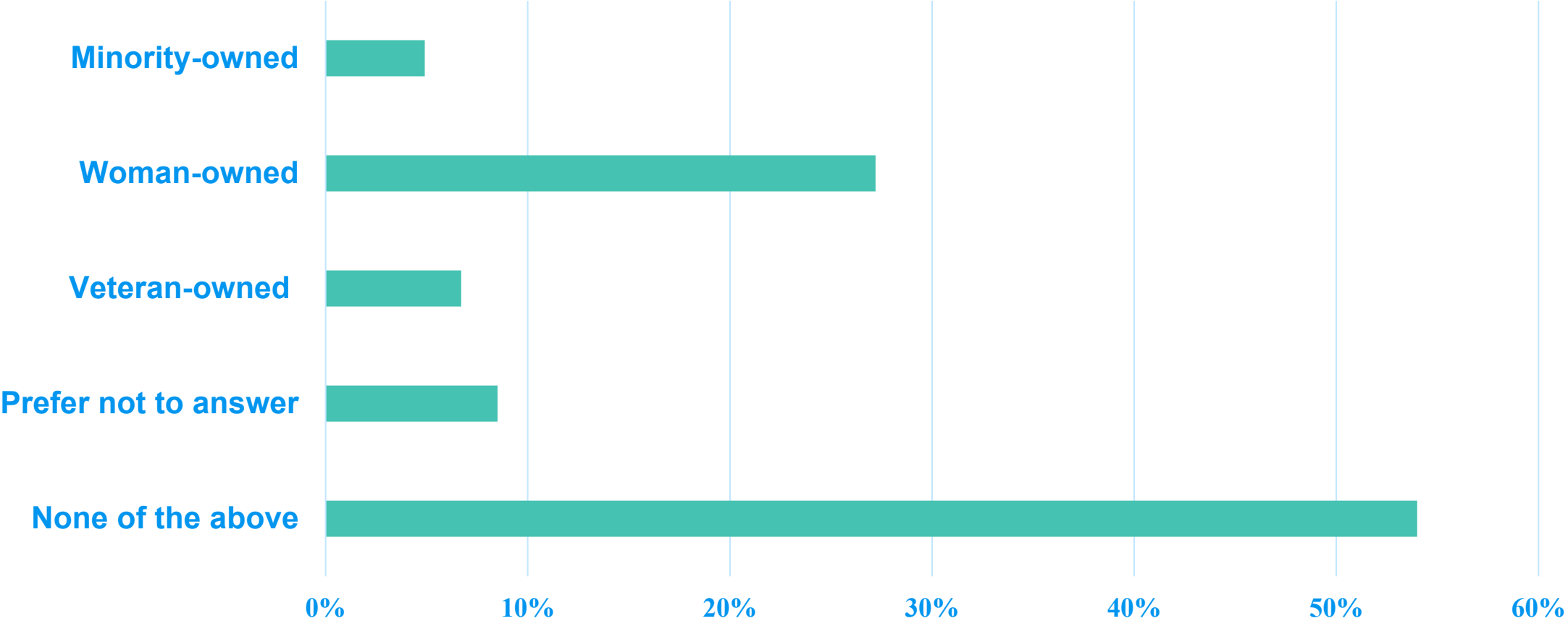
BUSINESS STEADY, OUTLOOK MILDLY POSITIVE

- **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, 294 respondents**
- **Conducted in partnership with Minnesota DEED**



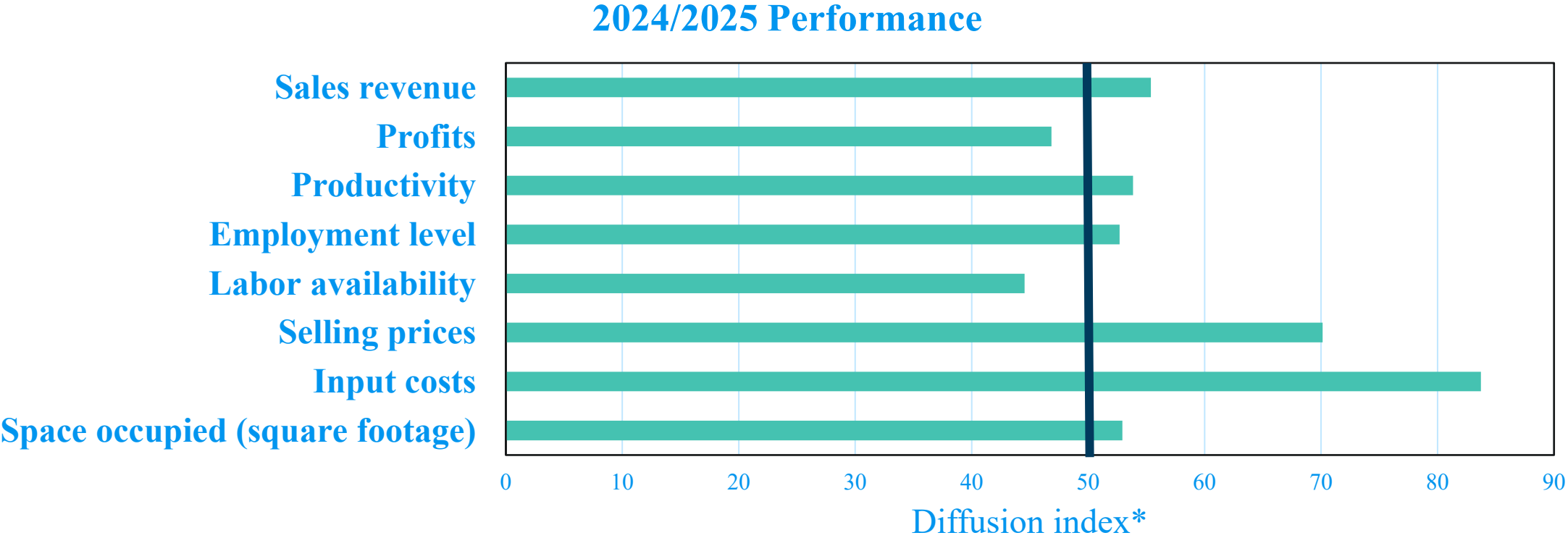
WHO TOOK THE SURVEY?

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



SURVEY RESULTS

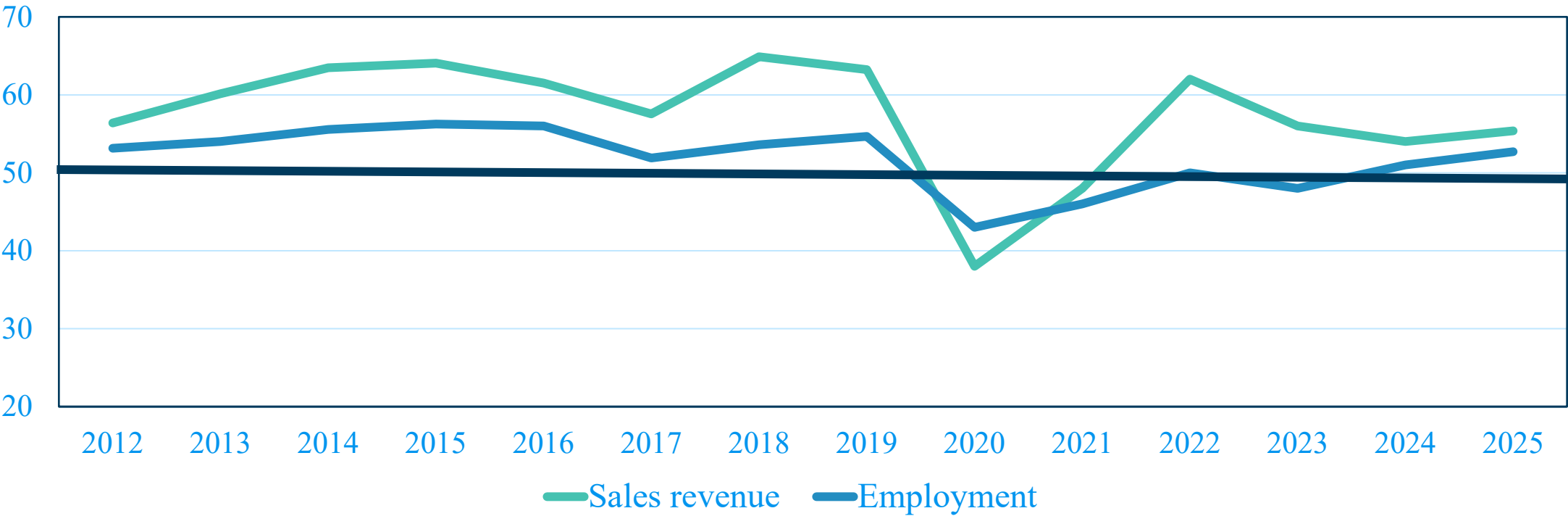
SALES, PRODUCTIVITY, EMPLOYMENT UP MODESTLY; PRICES SURGED



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

SURVEY RESULTS

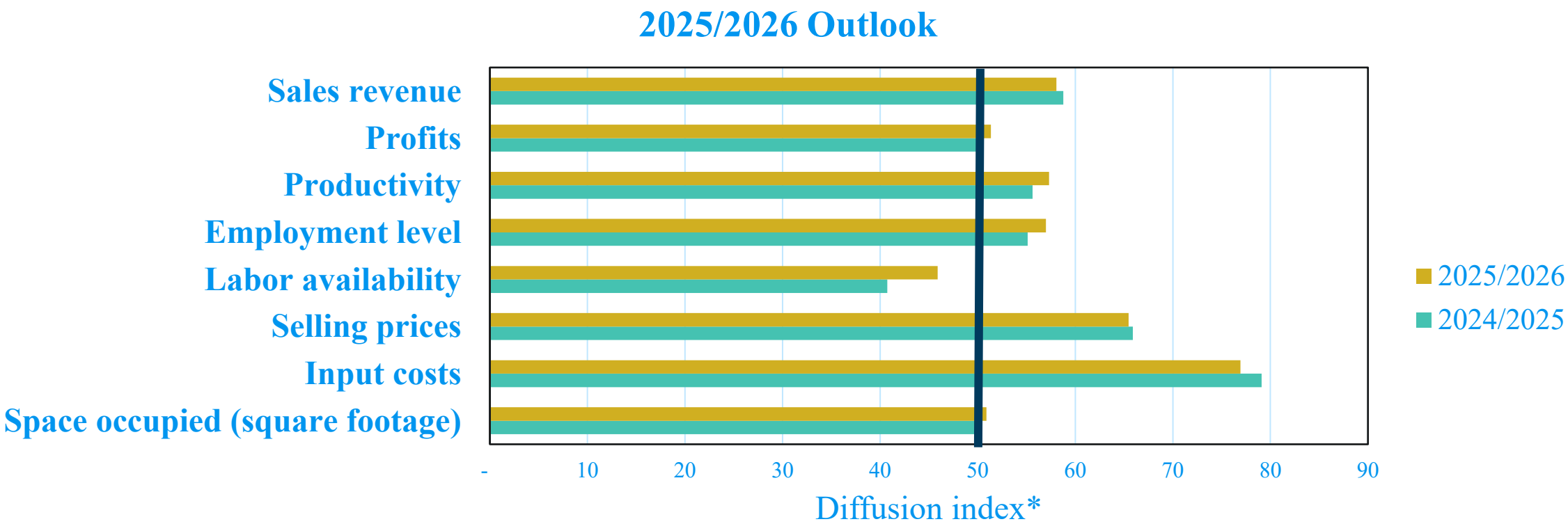
SALES, EMPLOYMENT UP SLIGHTLY FROM LAST YEAR'S SURVEY



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



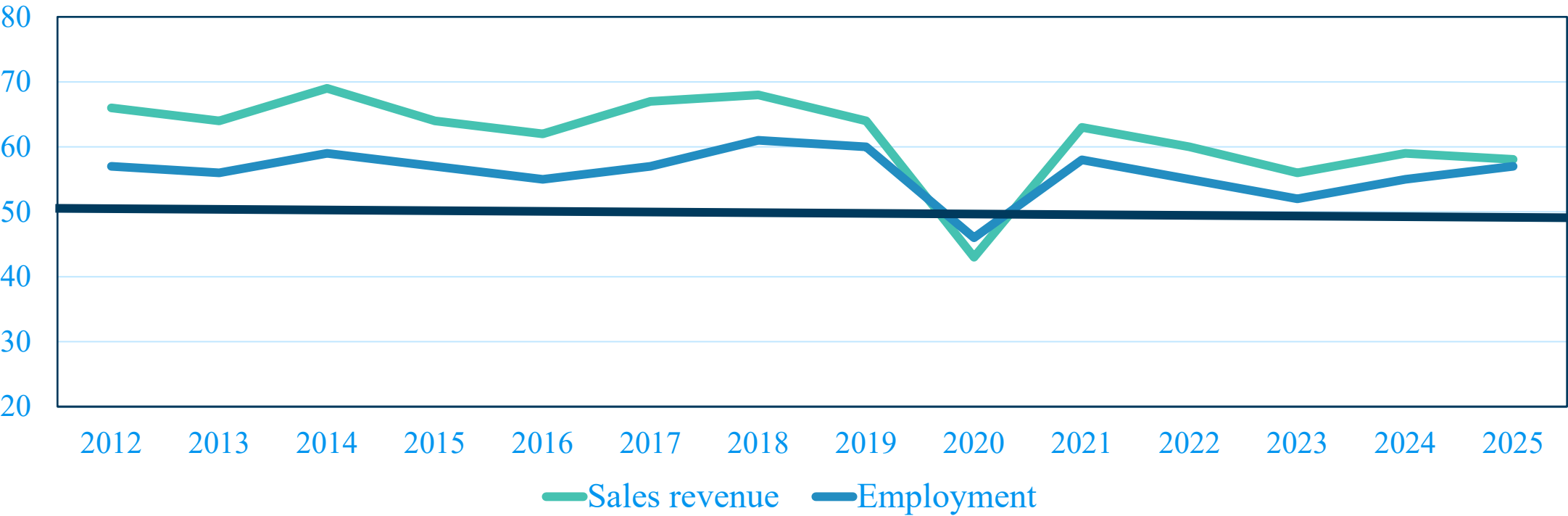
12-MONTH OUTLOOK IS MODERATELY OPTIMISTIC, LIKE ONE YEAR AGO



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



EXPECTATIONS IN LINE WITH LAST YEAR

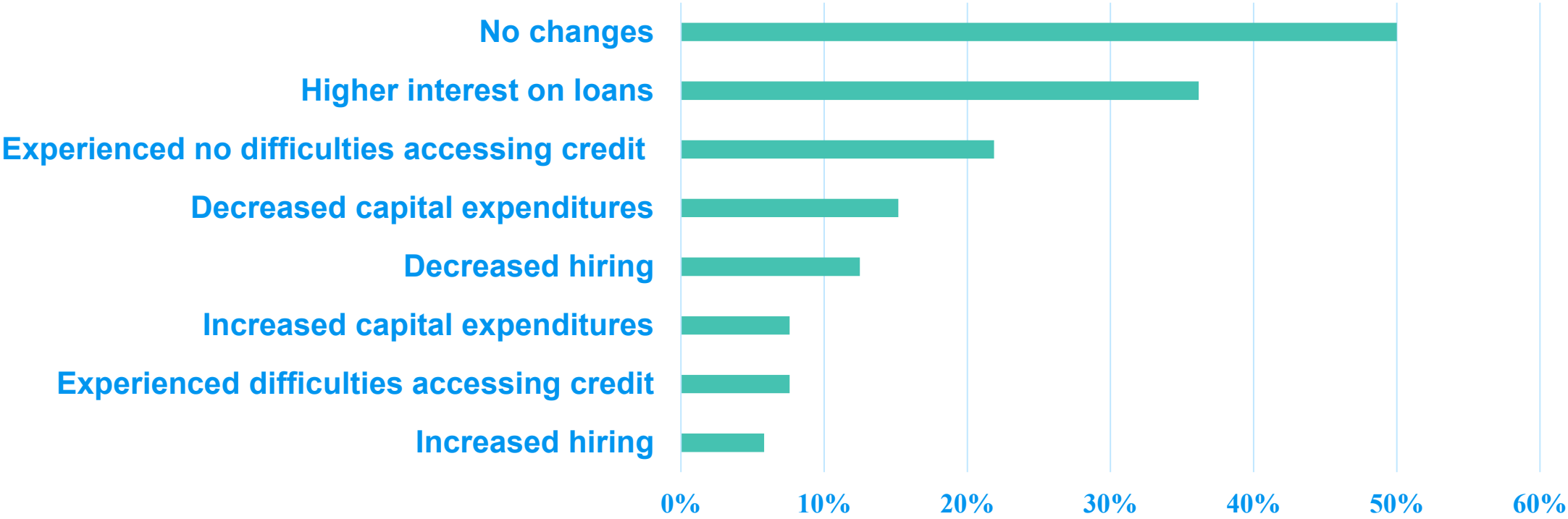


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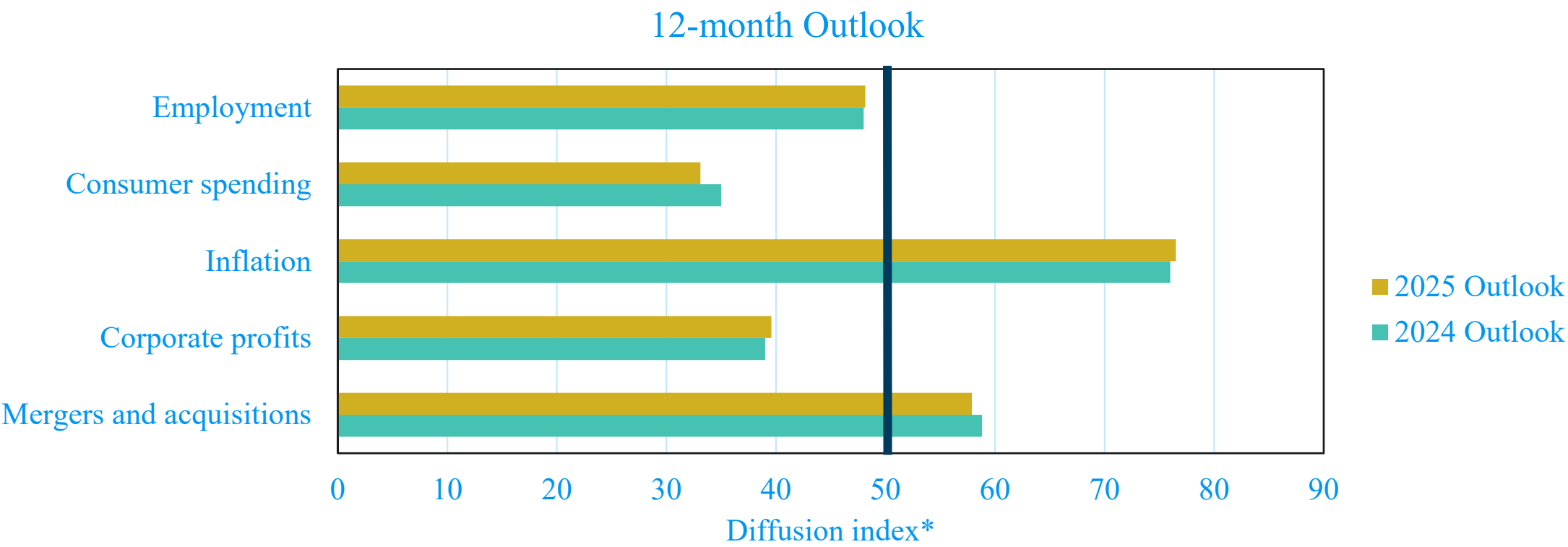
CREDIT CONDITIONS

CREDIT CONDITIONS HAVING MINIMAL IMPACT FOR MOST FIRMS

Have changes in credit conditions in the last four quarters affected your firm?



STATE ECONOMIC OUTLOOKS NOT AS OPTIMISTIC



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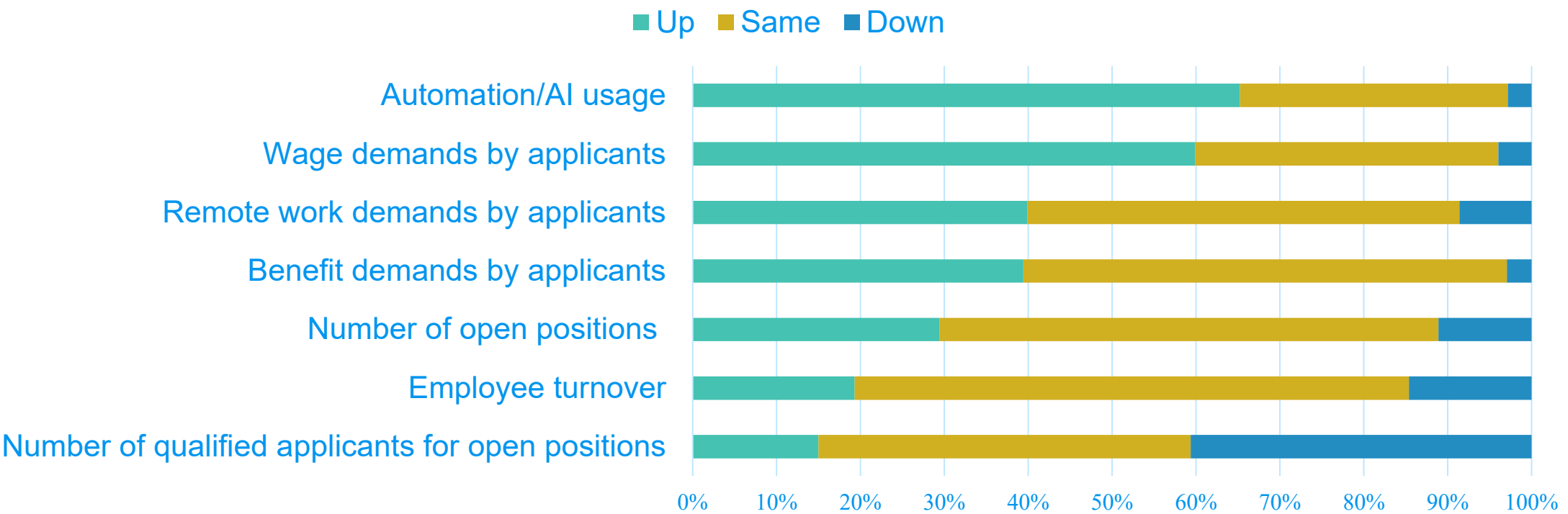


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LABOR MARKET INDICATORS STILL POINT TO A TIGHT SUPPLY OF WORKERS IN 2025



THANK YOU! QUESTIONS?

SCAN TO BECOME A SOURCE:

