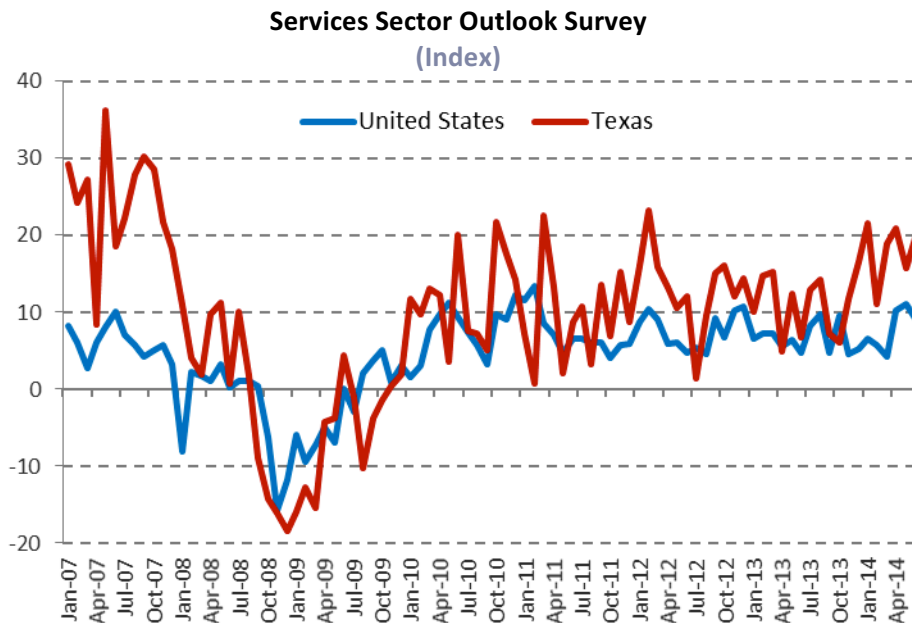


## About this Reference Document

This document helps you understand and interpret a particular economic indicator that is part of the larger *Outlook for the Texas Economy*. Note that all data, charts, and explanations presented are from prior reports and thus are not current. Your feedback is always appreciated. Send comments and suggestions to [info@recenter.tamu.edu](mailto:info@recenter.tamu.edu).

Dr. Luis Torres and Wayne Day

## Services



Note: Seasonally adjusted.

Source: Federal Reserve Bank of Dallas and Institute for Supply Management. United States index is adjusted -50 to be on scale with Texas index.

The Dallas Federal Reserve estimates and publishes the Texas Service Sector Outlook Survey (TSSOS) — a monthly survey of area service sector businesses. Firm executives report on how business conditions have changed for a number of indicators, such as revenue, employment, prices and company outlook. Respondents are also asked to report on how they perceive the broader economic conditions to have changed (general business activity). For all questions, participants are asked whether the indicator has increased, decreased or remained unchanged. Answers cover changes over previous month and expectations for activity six months into the future. Participants are given the opportunity to submit comments on current issues that may be affecting their businesses.

About 230 service-providing firms regularly participate in TSSOS, which began collecting data in January 2007. Respondents are broadly representative of service-providing industries in the

private sector. TSSOS questionnaires are electronically transmitted to respondents in the middle of each month, and answers are collected over seven business days.

Survey responses are used to calculate an index for each indicator. Each index is calculated by subtracting the percentage of respondents reporting a decrease from the percentage reporting an increase. When the share of firms reporting an increase exceeds the share of firms reporting a decrease, the index will be greater than zero, suggesting the indicator has increased over the prior month. If the share of firms reporting a decrease exceeds the share reporting an increase, the index will be below zero, suggesting the indicator has decreased over the prior month. An index will be zero when the number of firms reporting an increase is equal to the number of firms reporting a decrease. Indexes are seasonally adjusted as needed.

TSSOS is primarily a regional survey, and its key indexes are highly correlated with state-level measures of business activity and employment such as private service sector employment, retail employment and retail sales. The service sector makes up a great part of the Texas economy. Another benefit of the TSSOS indexes is their timeliness, as they come out before other data such as employment and are able to provide crucial early trends for economic activity.

The TSSOS continued to increase in June, suggesting that the Texas service sector continued to expand, reflecting strength of activity in the sector.

Source: Dallas Federal Reserve Bank

<http://www.dallasfed.org/microsites/research/surveys/tssos/index.cfm>