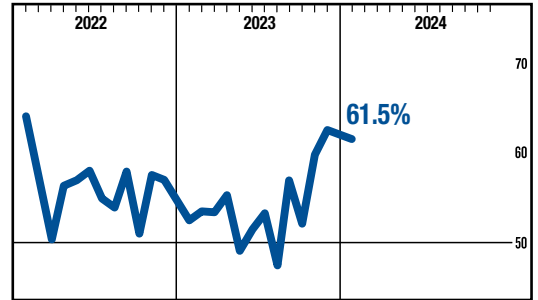


HOSPITAL PMI® at 61.5%

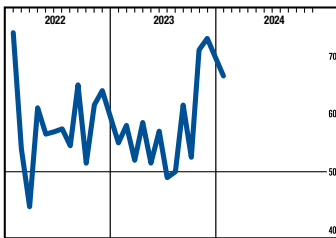
Economic activity in the hospital subsector grew in January for the fifth consecutive month after contracting twice in the previous four-month period, with 35 consecutive months of growth prior to that, say the nation's hospital supply executives in the latest Hospital ISM® *Report On Business*®.

The Hospital PMI® registered 61.5 percent in January, a 1-percentage point decrease from the December reading of 62.5 percent, indicating a fifth consecutive month of growth after a contraction in August. The Business Activity Index expanded for the fifth consecutive month. The New Orders Index remained in expansion territory for the fifth straight month, and the Employment Index also remained in expansion territory. The Supplier Deliveries Index remained in expansion (which indicates slower delivery performance). The Case Mix Index remained in expansion territory, registering 57 percent, an increase of 4.5 percentage points compared to the December figure of 52.5 percent. The Days Payable Outstanding Index expanded for the fourth consecutive month at 52.5 percent, matching December's figure. The Technology Spend Index reading of 57 percent is an increase of 4 percentage points compared to the 53 percent recorded in December. The Touchless Orders Index registered 50.5 percent, down 0.5 percentage point from the 51 percent reported in December.

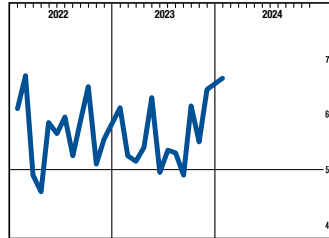


Respiratory cases were the primary volume driver in January, with a reduction in elective surgeries. This is consistent with previous years, as the annual reset of patient deductibles has impacted utilization. Inflationary pressures continued to have a negative impact on hospital margins. The impact on rural and stand-alone hospitals has been more extreme. While some panelists indicated their organizations were managing, others mentioned hospital and clinic closures and staff layoffs. Most comments related to supplier deliveries were negative, with mentions of increased shortages and back orders as well as concerns about shipping timelines due to the conflict in the Red Sea. The trend of converting contract labor to permanent staff continued. The slower growth indicated by the Employment Index was influenced by some organizations' planned staff reductions. The increase in the Case Mix Index was consistent with the high volumes experienced in December. **ISM**

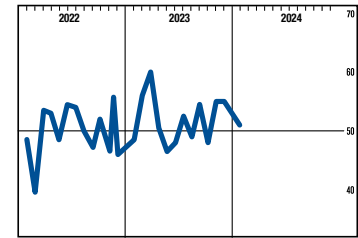
Business Activity



New Orders



Employment



About This Report

The information compiled in this report is for the month of January 2024.

The Hospital PMI® was developed in collaboration with the Association for Health Care Resource & Materials Management (AHRMM), an association for the health care supply chain profession, and a professional membership group of the American Hospital Association (AHA).

The data presented herein is obtained from a survey of hospital supply executives based on information they have collected within their respective organizations. ISM® makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

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