INSTITUTE FOR SUPPLY MANAGEMENT®

ISM® Services PMI® Report

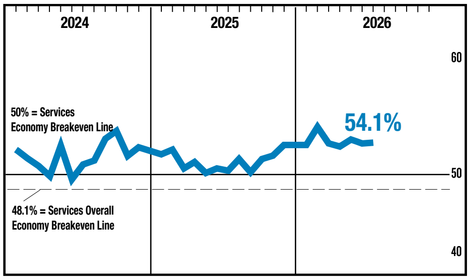
JULY 2026

Analysis by

Steve Miller, CPSM, CSCP

Chair of the Institute for Supply Management®
Services Business Survey Committee

SERVICES PMI® at 54.1%



In July, the Services PMI® registered 54.1 percent, 0.7 percentage point above its 12-month moving average of 53.4 percent. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates it is generally contracting. A Services PMI® above 48.1 percent, over time, generally indicates an expansion of the overall economy. Therefore, the July Services PMI® indicates the overall economy is expanding for the 74th straight month.

Services at a Glance

INDEX	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	54.1	54.0	+0.1	Growing	Faster	25
Business Activity	59.1	55.4	+3.7	Growing	Faster	25
New Orders	57.2	55.1	+2.1	Growing	Faster	14
Employment	47.4	51.2	-3.8	Contracting	From Growing	1
Supplier Deliveries	52.8	54.4	-1.6	Slowing	Slower	20
Inventories	51.4	51.2	+0.2	Growing	Faster	6
Prices	70.3	67.7	+2.6	Increasing	Faster	110
Backlog of Orders	50.9	54.9	-4.0	Growing	Slower	6
New Export Orders	52.0	50.4	+1.6	Growing	Faster	2
Imports	51.8	49.4	+2.4	Growing	From Contracting	1
Inventory Sentiment	52.5	52.6	-0.1	Too High	Slower	39
Overall Economy				**Growing**	**Faster**	**74**
Services Sector				**Growing**	**Faster**	**25**

*Number of months moving in current direction. ISM® *Services PMI® Report* data have been seasonally adjusted for the Business Activity, New Orders, Employment and Prices indexes.

Commodities Reported

Commodities Up in Price: Aluminum* (5); Aluminum Products (2); Beef (2); Computers and Related Items (3); Copper (8); Diesel* (5); Fiberglass Insulation; Fuel* (6); Gasoline* (6); Heating, Ventilation and Air Conditioning (HVAC) Equipment (3); Labor — Technical (2); Lumber (2); Memory Products (7); Paper Products; Petroleum Based Products (3); Plastics (2); Software — Licensing (6); Software — Maintenance/Support (4); Steel; Steel Products (4); Switchgear; Transformers; and Transportation (5).

Commodities Down in Price: Aluminum*; Chicken Wings; Copper; Diesel* (2); Fuel* (2); and Gasoline* (2).

Commodities in Short Supply: Aluminum Products; Electronic Components (6); Labor (2); Labor — Technical; Memory Components (7); Steel Products (2); Switchgear (2); and Wire and Cable (2).

Note: To view the full report, visit the ISM® PMI® Reports website at ismrob.org

*The number of consecutive months the commodity has been listed is indicated after each item. *Indicates both up and down in price.*

Economic activity in the services sector continued to expand in July, say the nation's purchasing and supply executives in the latest ISM® *Services PMI® Report*.

The Services PMI® registered 54.1 percent. The Business Activity Index remained in expansion territory in July, increasing 3.7 percentage points to 59.1 percent from June's reading of 55.4 percent. The New Orders Index registered 57.2 percent, 2.1 percentage points above June's figure of 55.1 percent. The Employment Index returned to contraction territory after only one month in expansion with a reading of 47.4 percent, a 3.8-percentage point decrease from the 51.2 percent recorded in June. The Prices Index registered above 70 percent for the fourth time in five months; the reading of 70.3 percent in July is 2.6 percentage points above June's figure of 67.7 percent. The index has exceeded 60 percent for 20 straight months and increased its 12-month average by 0.1 percentage point to 68.1 percent, its highest since April 2023. The Employment Index (47.4 percent) dropped below its 12-month average of 48.7 percent by 1.3 percentage points and is at its lowest level since March. Thirteen industries reported growth in July, one fewer than in June; four reported contraction, equaling the June total.

The 13 services industries reporting growth in July — listed in order — are: Retail Trade; Transportation & Warehousing; Wholesale Trade; Management of Companies & Support Services; Information; Construction; Accommodation & Food Services; Public Administration; Utilities; Educational Services; Mining; Professional, Scientific & Technical Services; and Finance & Insurance. ISM

*✣**Other Services** (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services and Dating Services).*

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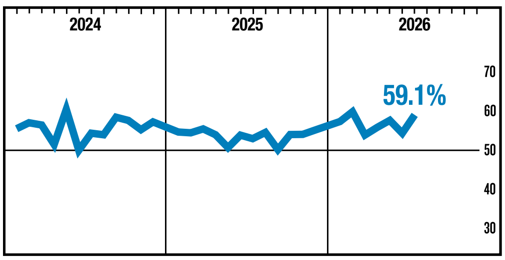
ISM® INSTITUTE FOR SUPPLY MANAGEMENT

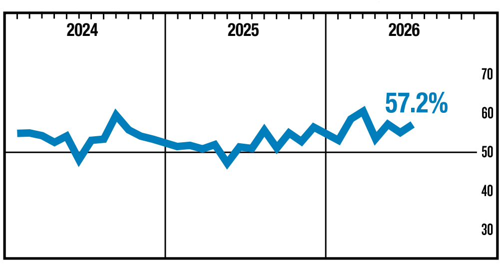
Services PMI®

Analysis by **Steve Miller, CPSM, CSCP,** Chair of the Institute for Supply Management® Services Business Survey Committee



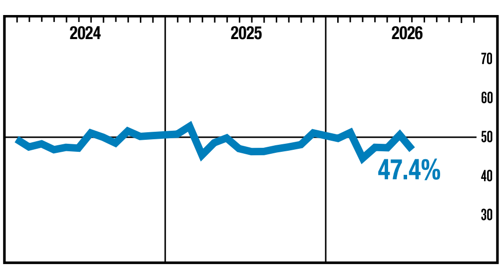
Business Activity

ISM's Business Activity Index registered 59.1 percent. The 13 industries reporting an increase in business activity for the month of July — listed in order — are: Retail Trade; Information; Management of Companies & Support Services; Educational Services; Mining; Transportation & Warehousing; Wholesale Trade; Public Administration; Construction; Real Estate, Rental & Leasing; Utilities; Finance & Insurance; and Professional, Scientific & Technical Services.



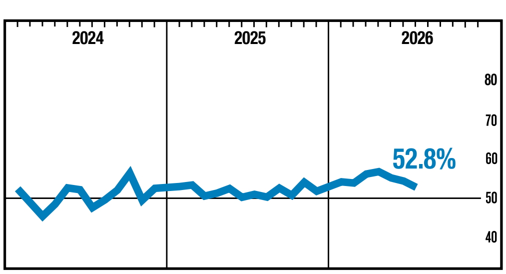
New Orders

ISM's New Orders Index registered 57.2 percent. The 13 industries reporting an increase in new orders for the month of July — listed in order — are: Management of Companies & Support Services; Transportation & Warehousing; Retail Trade; Mining; Accommodation & Food Services; Information; Educational Services; Wholesale Trade; Finance & Insurance; Professional, Scientific & Technical Services; Public Administration; Construction; and Utilities.



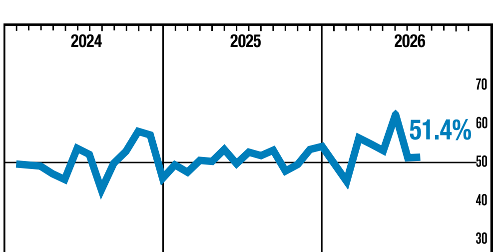
Employment

Employment activity in the services sector registered 47.4 percent. The seven industries reporting an increase in employment in July — listed in order — are: Utilities; Construction; Retail Trade; Transportation & Warehousing; Wholesale Trade; Information; and Public Administration.



Supplier Deliveries

The Supplier Deliveries Index registered 52.8 percent. The 10 industries reporting slower deliveries in July — in the following order — are: Accommodation & Food Services; Other Services✣; Wholesale Trade; Finance & Insurance; Utilities; Health Care & Social Assistance; Construction; Public Administration; Information; and Professional, Scientific & Technical Services.



Inventories

The Inventories Index registered 51.4 percent. The nine industries reporting an increase in inventories in July — in the following order — are: Other Services✣; Mining; Educational Services; Transportation & Warehousing; Accommodation & Food Services; Utilities; Professional, Scientific & Technical Services; Wholesale Trade; and Retail Trade.

✣Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services and Dating Services).

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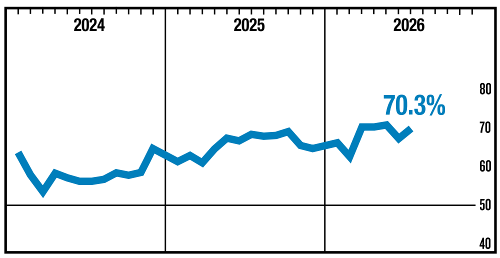
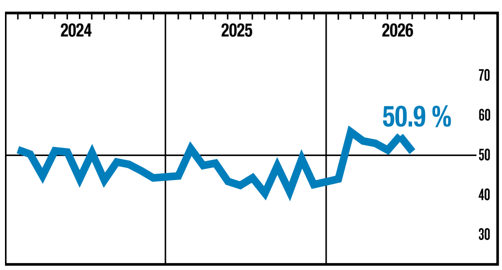


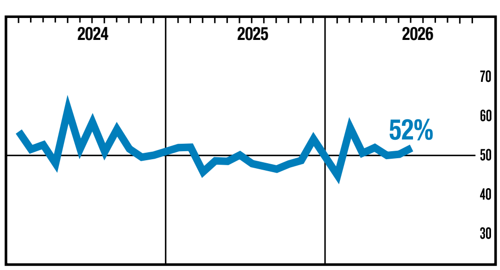
Prices

The Prices Index registered 70.3 percent. Seventeen industries reported an increase in prices paid during the month of July, in the following order: Accommodation & Food Services; Construction; Transportation & Warehousing; Retail Trade; Public Administration; Information; Other Services✣; Wholesale Trade; Management of Companies & Support Services; Mining; Real Estate, Rental & Leasing; Finance & Insurance; Educational Services; Health Care & Social Assistance; Professional, Scientific & Technical Services; Agriculture, Forestry, Fishing & Hunting; and Utilities.



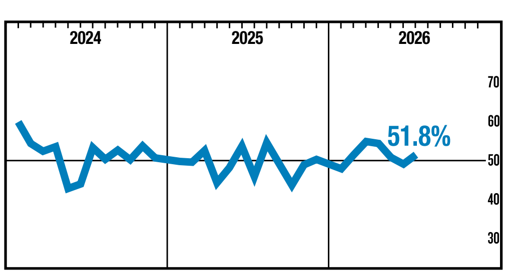
Backlog of Orders

The ISM Services Backlog of Orders Index registered 50.9 percent. The seven industries reporting an increase in order backlogs in July — in the following order — are: Finance & Insurance; Management of Companies & Support Services; Wholesale Trade; Utilities; Health Care & Social Assistance; Information; and Educational Services.



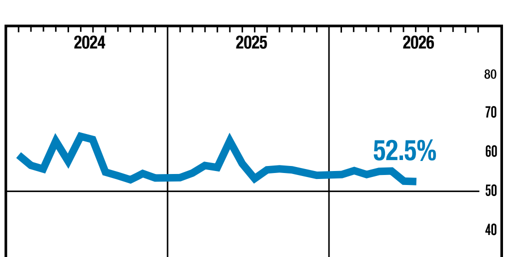
New Export Orders

The New Export Orders Index registered 52 percent. The eight industries reporting an increase in new export orders in July, in order, are: Mining; Retail Trade; Utilities; Information; Transportation & Warehousing; Health Care & Social Assistance; Wholesale Trade; and Professional, Scientific & Technical Services.



Imports

The Imports Index registered 51.8 percent. The five industries reporting an increase in imports for the month of July are: Retail Trade; Management of Companies & Support Services; Construction; Information; and Utilities.



Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 52.5 percent. The eight industries reporting sentiment that their inventories were too high in July, in order, are: Other Services✣; Mining; Wholesale Trade; Health Care & Social Assistance; Retail Trade; Educational Services; Utilities; and Management of Companies & Support Services.

✣Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services and Dating Services).

About This Report

DO NOT CONFUSE THIS NATIONAL REPORT with the various regional purchasing reports released across the country. The national report's information reflects the entire U.S., while the regional reports contain primarily regional data from their local vicinities. Also, the information in the regional reports is not used in calculating the results of the national report.

The data presented herein is obtained from a survey of manufacturing and services 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.

Data and Method of Presentation

The **ISM® *Manufacturing PMI® Report*** is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Panel is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industries' contribution to gross domestic product (GDP): Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies). The data are weighted based on each industry's contribution to GDP. According to U.S. Bureau of Economic Analysis (BEA) estimates (the average of the fourth quarter 2024 GDP estimate and the GDP estimates for first, second, and third quarter 2025, as released on January 22, 2026), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; and Petroleum & Coal Products.

The **ISM® *Services PMI® Report*** (formerly the Non-Manufacturing ISM® *Report On Business*®) is based on data compiled from purchasing and supply executives nationwide. Membership of the Services Business Survey Panel (formerly Non-Manufacturing Business Survey Committee) is diversified by the North American Industry Classification System (NAICS), based on each industry's contribution to gross domestic product (GDP). The Services Business Survey Panel responses are divided into the following NAICS code categories: Agriculture, Forestry, Fishing & Hunting; Mining; Utilities; Construction; Wholesale Trade; Retail Trade; Transportation & Warehousing; Information; Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Educational Services; Health Care & Social Assistance; Arts, Entertainment & Recreation; Accommodation & Food Services; Public Administration; and Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services). The data are weighted based on each industry's contribution to GDP. According to U.S. Bureau of Economic Analysis (BEA) estimates (the average of the fourth quarter 2024 GDP estimate and the GDP estimates for first, second, and third quarter 2025, as released on January 22, 2026), the six largest services sectors are: Real Estate, Rental & Leasing; Public Administration; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance.

Survey responses reflect the change, if any, in the current month compared to the previous month. Responses are raw data and are never changed. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive).

The resulting single index number for those meeting the criteria for seasonal adjustments (for Manufacturing: New Orders, Production, Employment, and Inventories) (for Services: Business Activity, New Orders, Employment and Prices) is then seasonally adjusted to allow for the effects of repetitive intra-year variations resulting primarily from normal differences in weather conditions, various institutional arrangements, and differences attributable to non-moveable holidays. The remaining indexes have not indicated significant seasonality. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them.

The Manufacturing PMI® is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries, and Inventories (seasonally adjusted). The Services PMI® is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change.

A Manufacturing PMI® reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A Manufacturing PMI® above 47.5 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 47.5 percent, it is generally declining. The distance from 50 percent or 47.5 percent is indicative of the extent of the expansion or decline. A Services PMI® reading above 50 percent indicates that the services economy is generally expanding; below 50 percent indicates that it is generally declining. A Services PMI® above 48.1 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.1 percent, it is generally declining. The distance from 50 percent or 48.1 percent is indicative of the strength of the expansion or decline. With some of the indicators within the ISM® Manufacturing PMI® Report, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The ISM® *PMI® Report* surveys are sent out to Manufacturing and Services Business Survey Panel respondents the first part of each month. Respondents are asked to report on information for the current month for U.S. operations only. ISM® receives survey responses throughout most of any given month, with the majority of respondents generally waiting until late in the month to submit responses to give the most accurate picture of current business activity.

The industries reporting growth, as indicated in the monthly reports, are listed in the order of most growth to least growth. For the industries reporting contraction or decreases, those are listed in the order of the highest level of contraction/decrease to the least level of contraction/decrease.

About Institute for Supply Management® (ISM®)

Institute for Supply Management® (ISM®) is the first and leading not-for-profit professional supply management organization worldwide. Its community of more than 50,000 in more than 100 countries around the world manage about US$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 by practitioners, ISM is committed to advancing the strategy and practice of integrated, end-to-end supply chain management through leading edge data-driven resources, community, and education to empower individuals, create organizational value and to drive competitive advantage. ISM's vision is to foster a prosperous, sustainable world. ISM empowers and leads the profession through the ISM® *PMI® Reports* (formerly *Report On Business*®), its highly-regarded certification and training programs, corporate services, events and assessments. The ISM® *PMI® Reports* — Manufacturing and Services — are two of the most reliable economic indicators available, providing guidance to supply management professionals, economists, analysts, and government and business leaders. For more information, please visit: www.ismworld.org.