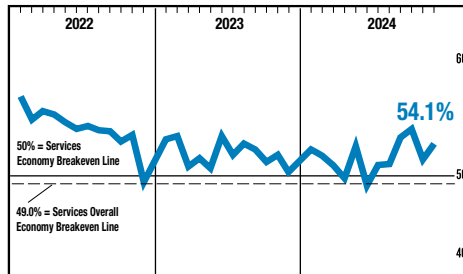


# SERVICES PMI® at 54.1%

In December, the Services PMI® registered 54.1 percent, a 2-percentage point increase compared to the November reading of 52.1 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 49 percent, over time, generally indicates an expansion of the overall economy. Therefore, the December Services PMI® indicates the overall economy is expanding for the sixth straight month.



Economic activity in the services sector expanded for the sixth consecutive month in December, say the nation's purchasing and supply executives in the latest Services ISM® *Report On Business*®.

The Services PMI® registered 54.1 percent, indicating expansion for the 52nd time in 55 months since recovery from the coronavirus pandemic-induced recession began in June 2020. The Business Activity Index registered 58.2 percent in December, 4.5 percentage points higher than the 53.7 percent recorded in November, indicating a sixth consecutive month of expansion and finishing the year with its third-highest reading for 2024. The New Orders Index recorded a reading of 54.2 percent in December, 0.5 percentage point higher than November's figure of 53.7 percent. The Employment Index remained in expansion territory for the fifth time in six months; the reading of 51.4 percent is a 0.1-percentage point decrease compared to the 51.5 percent recorded in November. The Prices Index registered 64.4 percent in December, a 6.2-percentage point increase from November's reading of 58.2 percent. This month's reading is the first time the index has registered over 60 percent since January.

The nine services industries reporting growth in December — listed in order — are: Finance & Insurance; Arts, Entertainment & Recreation; Retail Trade; Health Care & Social Assistance; Transportation & Warehousing; Public Administration; Accommodation & Food Services; Wholesale Trade; and Utilities. **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).

## Services at a Glance

INDEX	Dec Index	Nov Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	54.1	52.1	+2.0	Growing	Faster	6
Business Activity	58.2	53.7	+4.5	Growing	Faster	6
New Orders	54.2	53.7	+0.5	Growing	Faster	6
Employment	51.4	51.5	-0.1	Growing	Slower	3
Supplier Deliveries	52.5	49.5	+3.0	Slowing	From Faster	1
Inventories	49.4	45.9	+3.5	Contracting	Slower	2
Prices	64.4	58.2	+6.2	Increasing	Faster	91
Backlog of Orders	44.3	47.1	-2.8	Contracting	Faster	5
New Export Orders	50.1	49.6	+0.5	Growing	From Contracting	1
Imports	50.7	53.8	-3.1	Growing	Slower	6
Inventory Sentiment	53.4	54.6	-1.2	Too High	Slower	20
<b>Overall Economy</b>				<b>Growing</b>	<b>Faster</b>	<b>6</b>
<b>Services Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>6</b>

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

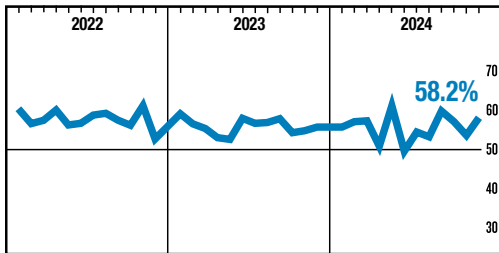
## Commodities Reported

**Commodities Up in Price:** Beef, Computers; Diesel Fuel\* Electrical Components (2); IV Solutions; Labor (49); Labor — Construction; Labor — Contingent; Lumber (4); and Oriented Strand Board (OSB).

**Commodities Down in Price:** Aluminum Based Products; Diesel Fuel\* (3); Gasoline; and Poultry Products.

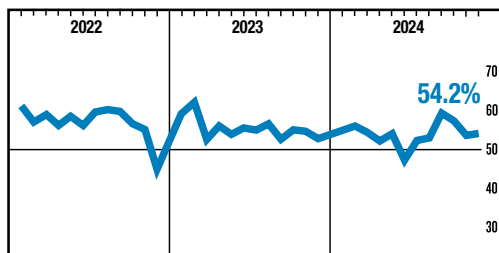
**Commodities in Short Supply:** Construction Contractors (3); Electrical Equipment (7); Electrical Components; IV Irrigation (2); IV Solutions (3); Labor — Construction; and Transformers (7).

**Note:** To view the full report, visit the ISM® *Report On Business*® website at [ismrob.org](http://ismrob.org)  
The number of consecutive months the commodity has been listed is indicated after each item. \*Indicates both up and down in price.



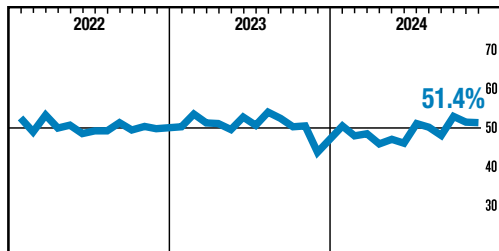
## Business Activity

ISM's Business Activity Index registered 58.2 percent. The 10 industries reporting an increase in business activity for the month of December — listed in order — are: Finance & Insurance; Retail Trade; Arts, Entertainment & Recreation; Accommodation & Food Services; Utilities; Health Care & Social Assistance; Management of Companies & Support Services; Wholesale Trade; Information; and Public Administration.



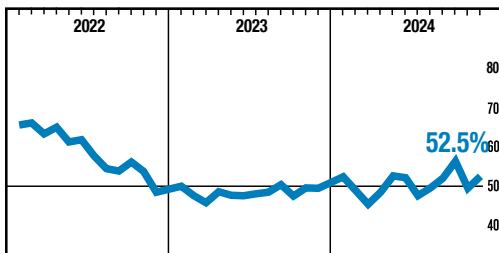
## New Orders

ISM's New Orders Index registered 54.2 percent. The seven industries reporting an increase in new orders for the month of December — listed in order — are: Arts, Entertainment & Recreation; Finance & Insurance; Transportation & Warehousing; Retail Trade; Public Administration; Health Care & Social Assistance; and Utilities.



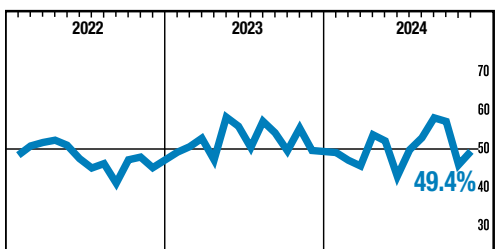
## Employment

The Employment Index registered 51.4 percent. The nine industries reporting an increase in employment in December — in the following order — are: Wholesale Trade; Finance & Insurance; Transportation & Warehousing; Accommodation & Food Services; Construction; Public Administration; Health Care & Social Assistance; Utilities; and Retail Trade.



## Supplier Deliveries

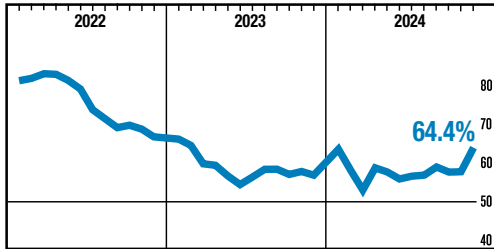
The Supplier Deliveries Index registered 52.5 percent. The seven industries reporting slower deliveries in December — in the following order — are: Real Estate, Rental & Leasing; Public Administration; Health Care & Social Assistance; Finance & Insurance; Educational Services; Wholesale Trade; and Information.



## Inventories

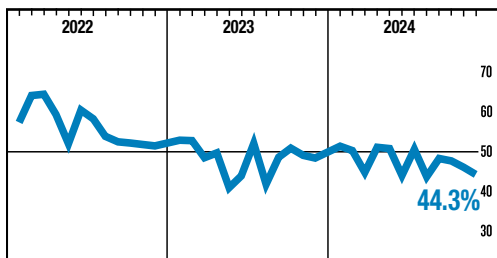
The Inventories Index registered 49.4 percent. The seven industries reporting an increase in inventories in December — in the following order — are: Accommodation & Food Services; Arts, Entertainment & Recreation; Retail Trade; Transportation & Warehousing; Information; Educational Services; and Health Care & Social Assistance.

\*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).



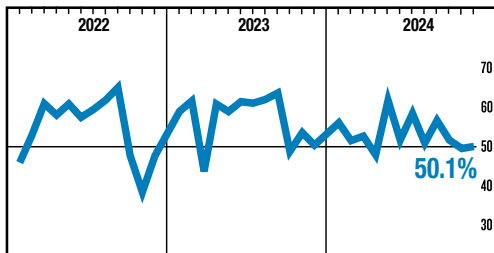
## Prices

The Prices Index registered 64.4 percent. Fifteen of the 18 services industries reported an increase in prices paid during the month of December, in the following order: Other Services<sup>‡</sup>; Real Estate, Rental & Leasing; Finance & Insurance; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Accommodation & Food Services; Public Administration; Construction; Health Care & Social Assistance; Professional, Scientific & Technical Services; Wholesale Trade; Retail Trade; Information; Educational Services; and Utilities.



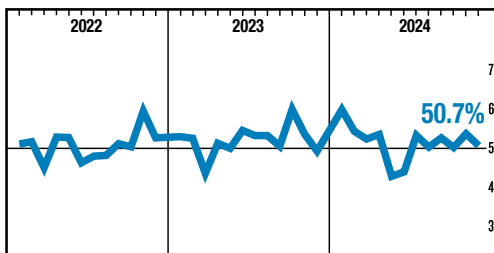
## Backlog of Orders

The ISM Services Backlog of Orders Index registered 44.3 percent. The four industries reporting an increase in order backlogs in December are: Arts, Entertainment & Recreation; Public Administration; Transportation & Warehousing; and Health Care & Social Assistance.



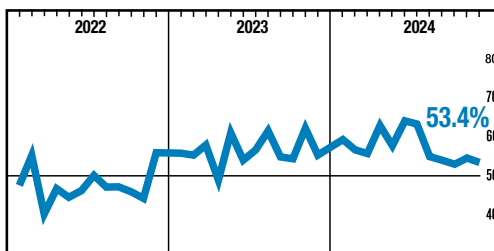
## New Export Orders

The New Export Orders Index registered 50.1 percent. The four industries reporting an increase in new export orders in December are: Arts, Entertainment & Recreation; Finance & Insurance; Transportation & Warehousing; and Wholesale Trade.



## Imports

The Imports Index expanded for the sixth consecutive month in December registering 50.7 percent. The four industries reporting an increase in imports for the month of December are: Arts, Entertainment & Recreation; Retail Trade; Information; and Health Care & Social Assistance.



## Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 53.4 percent. The eight industries reporting sentiment that their inventories were too high in December — listed in order — are: Utilities; Wholesale Trade; Accommodation & Food Services; Other Services<sup>‡</sup>; Retail Trade; Construction; Health Care & Social Assistance; and Management of Companies & Support Services.

<sup>‡</sup>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 **Manufacturing ISM® Report On Business®** 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 BEA estimates (the average of the fourth quarter 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; and Fabricated Metal Products.

The **Services ISM® Report On Business®** (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 Panel) is diversified by NAICS-based industries' 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 BEA estimates (the average of the fourth quarter 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), 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 42.5 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.5 percent, it is generally declining.

The distance from 50 percent or 42.5 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 49 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 49 percent, it is generally declining. The distance from 50 percent or 49 percent is indicative of the strength of the expansion or decline. With some of the indicators within the Manufacturing ISM® Report On Business®, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The *Report On Business®* 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.

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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 manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 by practitioners, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM empowers and leads the profession through the ISM® *Report On Business®*, its highly-regarded certification and training programs, corporate services, events, and assessments. The ISM® *Report On Business®*, Manufacturing, Services and Hospital, are three 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](http://www.ismworld.org).