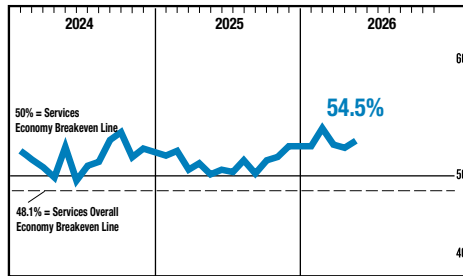


# SERVICES PMI® at 54.5%

In May, the Services PMI® registered 54.5 percent, 1.7 percentage points above its 12-month moving average of 52.8 percent. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates it is generally contracting. The past relationship between the Services PMI® and the overall economy indicates that the Services PMI® for May corresponds to a 2-percentage point increase in real gross domestic product (GDP) on an annualized basis.



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

The Services PMI® registered 54.5 percent, the 23rd consecutive month in expansion territory. The Business Activity Index remained in expansion territory in May, increasing 1.8 percentage points to 57.7 percent from April's reading of 55.9 percent. The New Orders Index registered 57.3 percent, 3.8 percentage points above April's figure of 53.5 percent and 2.6 percentage points higher than its 12-month average reading of 54.7 percent. The Employment Index contracted for the third month in a row with a reading of 47.9 percent, a 0.1-percentage point decrease from the 48 percent recorded in April; of the four subindexes that make up the composite PMI®, it is the only one that remains below its 12-month moving average.

The 17 services industries reporting growth in May — listed in order — are: Wholesale Trade; Other Services\*; Arts, Entertainment & Recreation; Construction; Information; Agriculture, Forestry, Fishing & Hunting; Mining; Professional, Scientific & Technical Services; Public Administration; Accommodation & Food Services; Utilities; Retail Trade; Transportation & Warehousing; Finance & Insurance; Management of Companies & Support Services; Educational Services; and Health Care & Social Assistance. **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	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	54.5	53.6	+0.9	Growing	Faster	23
Business Activity	57.7	55.9	+1.8	Growing	Faster	23
New Orders	57.3	53.5	+3.8	Growing	Faster	12
Employment	47.9	48.0	-0.1	Contracting	Faster	3
Supplier Deliveries	55.2	56.8	-1.6	Slowing	Slower	18
Inventories	62.5	53.1	+9.4	Growing	Faster	4
Prices	71.3	70.7	+0.6	Increasing	Faster	108
Backlog of Orders	51.3	53.0	-1.7	Growing	Slower	4
New Export Orders	50.0	52.1	-2.1	Unchanged	From Growing	1
Imports	51.1	54.7	-3.6	Growing	Slower	4
Inventory Sentiment	55.2	55.1	+0.1	Too High	Faster	37
<b>Overall Economy</b>				<b>Growing</b>	<b>Faster</b>	<b>72</b>
<b>Services Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>23</b>

\*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

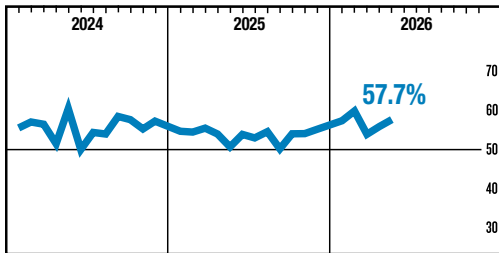
**Commodities Up in Price:** Adhesives; Aluminum (3); Computers and Related Items; Construction Materials; Copper (6); Copper Based Products; Diesel (3); Energy; Fiber Cable; Food Products; Fuel (4); Garage Doors; Gasoline (4); Heating, Ventilation, and Air Conditioning (HVAC) Equipment; Insurance; Labels; Labor (10); Labor — Benefits; Meat Products; Memory Products (5); Oil and Lubricants; Paper Products; Petroleum Based Products; Roofing Materials; Servers; Software — Licensing (4); Software — Maintenance/Support (2); Soybean Oil; Steel Products (2); Transportation (3); and Water Supply Components.

**Commodities Down in Price:** None.

**Commodities in Short Supply:** Breakers; Computers and Related Items; Electronic Components (4); Gloves; and Memory Components (5).

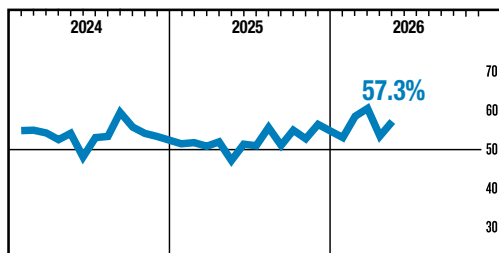
Note: To view the full report, visit the ISM® PMI® Reports website at ismrob.org

\*The number of consecutive months the commodity has been listed is indicated after each item.



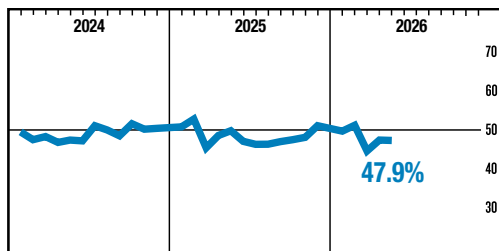
## Business Activity

ISM's Business Activity Index registered 57.7 percent. The 16 industries reporting an increase in business activity for the month of May — listed in order — are: Arts, Entertainment & Recreation; Other Services<sup>\*\*</sup>; Wholesale Trade; Construction; Agriculture, Forestry, Fishing & Hunting; Mining; Information; Professional, Scientific & Technical Services; Accommodation & Food Services; Transportation & Warehousing; Finance & Insurance; Public Administration; Management of Companies & Support Services; Utilities; Educational Services; and Health Care & Social Assistance.



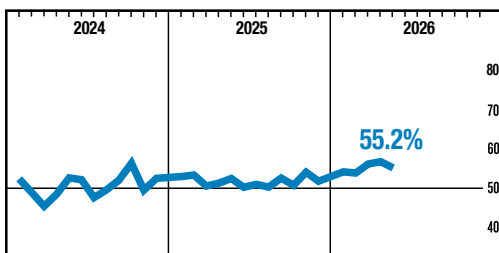
## New Orders

ISM's New Orders Index remained in expansion territory at 57.3 percent. The 14 industries reporting an increase in new orders for the month of May — listed in order — are: Other Services<sup>\*\*</sup>; Wholesale Trade; Accommodation & Food Services; Arts, Entertainment & Recreation; Public Administration; Agriculture, Forestry, Fishing & Hunting; Information; Management of Companies & Support Services; Transportation & Warehousing; Retail Trade; Professional, Scientific & Technical Services; Educational Services; Finance & Insurance; and Utilities.



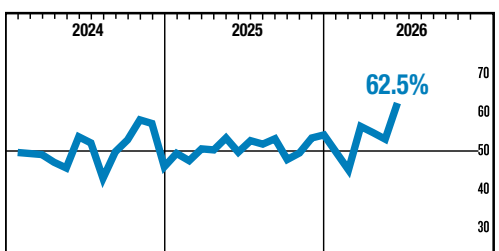
## Employment

The Employment Index registered 47.9 percent. The six industries reporting an increase in employment in May — listed in order — are: Construction; Retail Trade; Wholesale Trade; Utilities; Information; and Professional, Scientific & Technical Services.



## Supplier Deliveries

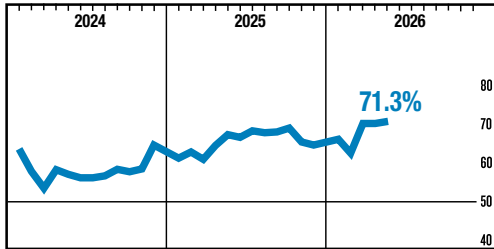
The Supplier Deliveries Index registered 55.2 percent. The 14 industries reporting slower deliveries in May — in the following order — are: Agriculture, Forestry, Fishing & Hunting; Mining; Other Services<sup>\*\*</sup>; Real Estate, Rental & Leasing; Wholesale Trade; Information; Health Care & Social Assistance; Management of Companies & Support Services; Construction; Transportation & Warehousing; Public Administration; Professional, Scientific & Technical Services; Educational Services; and Utilities.



## Inventories

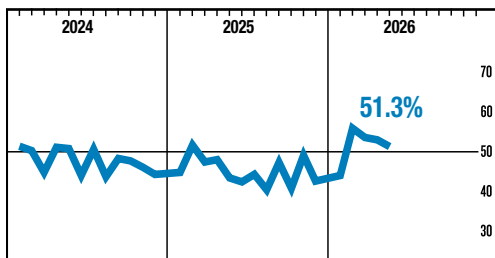
The Inventories Index registered 62.5 percent. The 12 industries reporting an increase in inventories in May — in the following order — are: Real Estate, Rental & Leasing; Public Administration; Accommodation & Food Services; Professional, Scientific & Technical Services; Management of Companies & Support Services; Transportation & Warehousing; Construction; Retail Trade; Health Care & Social Assistance; Information; Utilities; and Wholesale Trade.

<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).



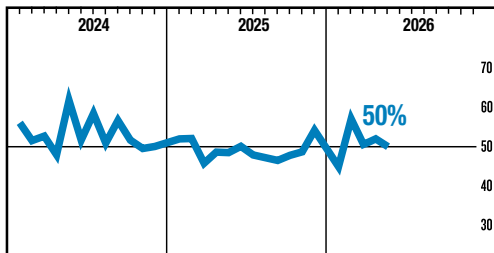
## Prices

The Prices Index registered 71.3 percent. All 18 industries reported an increase in prices paid during the month of May, in the following order: Construction; Mining; Arts, Entertainment & Recreation; Professional, Scientific & Technical Services; Accommodation & Food Services; Other Services<sup>†</sup>; Wholesale Trade; Information; Public Administration; Transportation & Warehousing; Educational Services; Management of Companies & Support Services; Real Estate, Rental & Leasing; Finance & Insurance; Utilities; Health Care & Social Assistance; Agriculture, Forestry, Fishing & Hunting; and Retail Trade.



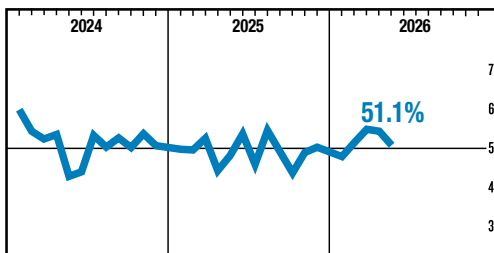
## Backlog of Orders

The ISM Services Backlog of Orders Index registered 51.3 percent. The four industries reporting an increase in order backlogs in May are: Other Services<sup>†</sup>; Real Estate, Rental & Leasing; Wholesale Trade; and Construction.



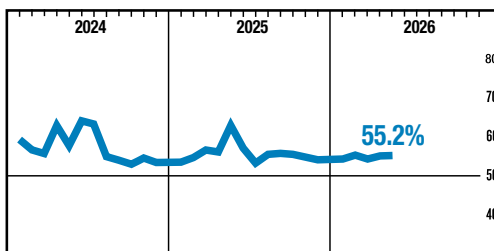
## New Export Orders

The New Export Orders Index registered 50 percent. The five industries reporting an increase in new export orders in May are: Mining; Other Services<sup>†</sup>; Utilities; Transportation & Warehousing; and Professional, Scientific & Technical Services.



## Imports

The Imports Index registered 51.1 percent. The two industries reporting an increase in imports for the month of May are: Other Services<sup>†</sup>; and Professional, Scientific & Technical Services.



## Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 55.2 percent. The 10 industries reporting sentiment that their inventories were too high in May, in order, are: Mining; Accommodation & Food Services; Wholesale Trade; Retail Trade; Construction; Other Services<sup>†</sup>; Utilities; Health Care & Social Assistance; Management of Companies & Support Services; and Transportation & Warehousing.

<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 **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.

## ISM PMI® Content

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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 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](http://www.ismworld.org).