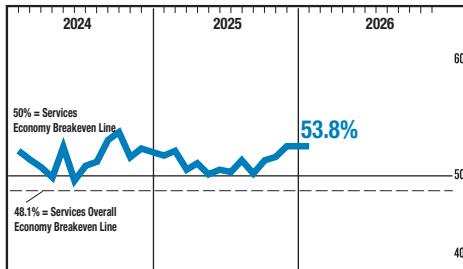


SERVICES PMI® at 53.8%

In January, the Services PMI® registered 53.8 percent, the same as its seasonally adjusted December reading — both months are the index's highest readings since it registered 55.5 percent in October 2024. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates it is generally contracting.



Services at a Glance

INDEX	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	53.8	53.8	0.0	Growing	Same	19
Business Activity	57.4	55.2	+2.2	Growing	Faster	19
New Orders	53.1	56.5	-3.4	Growing	Slower	8
Employment	50.3	51.7	-1.4	Growing	Slower	2
Supplier Deliveries	54.2	51.8	+2.4	Slowing	Faster	14
Inventories	45.1	54.2	-9.1	Contracting	From Growing	1
Prices	66.6	65.1	+1.5	Increasing	Faster	104
Backlog of Orders	44.0	42.6	+1.4	Contracting	Slower	11
New Export Orders	45.0	54.2	-9.2	Contracting	From Growing	1
Imports	48.2	50.3	-2.1	Contracting	From Growing	1
Inventory Sentiment	54.3	54.1	+0.2	Too High	Faster	33
Overall Economy				Growing	Same	68
Services Sector				Growing	Same	19

*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.

This report reflects the recently completed annual adjustments to the seasonal factors used to calculate the indexes.



Commodities Reported

Commodities Up in Price: Beef Products; Copper (2); Copper Products (6); Labor (6); Labor — Construction (2); Lumber; Lumber Products; Memory Products; and Pharmaceuticals.

Commodities Down in Price: Diesel Fuel (2); and Gasoline (11).

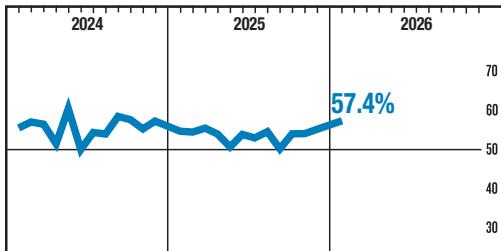
Commodities in Short Supply: Electrical Components (3); Memory Components; Routers; and Wire & Cable.

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

The Services PMI® registered 53.8 percent to start 2026 as it finished 2025, on a positive note, with its 19th month in a row in expansion territory after ISM's most recent seasonal adjustments. The Business Activity Index continued in expansion territory in January, registering 57.4 percent, 2.2 percentage points higher than the seasonally adjusted reading of 55.2 percent recorded in December. The New Orders Index also remained in expansion in January, with a reading of 53.1 percent, 3.4 percentage points below December's seasonally adjusted figure of 56.5 percent. The Employment Index expanded for the second month in a row with a reading of 50.3 percent, a 1.4-percentage point drop from the seasonally adjusted 51.7 percent recorded in December. The Prices Index registered 66.6 percent in January, higher than the previous two months and 0.2 percentage point above its 12-month average.

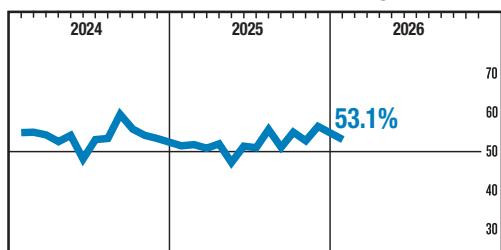
The 11 services industries reporting growth in January — listed in order — are: Health Care & Social Assistance; Utilities; Construction; Retail Trade; Information; Accommodation & Food Services; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Public Administration; Educational 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).



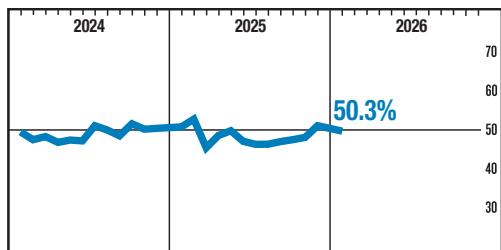
Business Activity

ISM's Business Activity Index registered 57.4 percent. The 11 industries reporting an increase in business activity for the month of January — listed in order — are: Utilities; Health Care & Social Assistance; Construction; Management of Companies & Support Services; Information; Finance & Insurance; Retail Trade; Public Administration; Educational Services; Wholesale Trade; and Professional, Scientific & Technical Services.



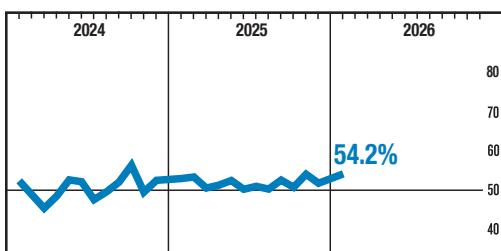
New Orders

ISM's New Orders Index registered 53.1 percent. The 10 industries reporting an increase in new orders for the month of January — listed in order — are: Health Care & Social Assistance; Retail Trade; Utilities; Agriculture, Forestry, Fishing & Hunting; Construction; Public Administration; Information; Educational Services; Finance & Insurance; and Professional, Scientific & Technical Services.



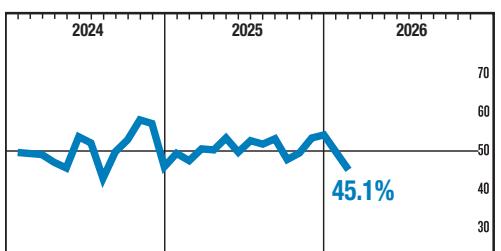
Employment

The Employment Index registered 50.3 percent. The five industries reporting an increase in employment in January are: Construction; Accommodation & Food Services; Health Care & Social Assistance; Retail Trade; and Professional, Scientific & Technical Services.



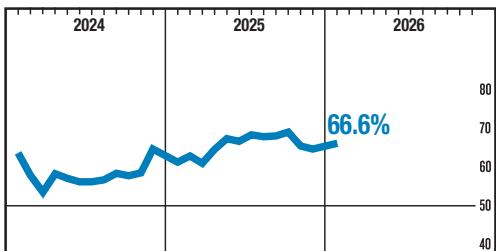
Supplier Deliveries

The Supplier Deliveries Index registered 54.2 percent. The six industries reporting slower deliveries in January — in the following order — are: Real Estate, Rental & Leasing; Information; Transportation & Warehousing; Public Administration; Finance & Insurance; and Health Care & Social Assistance.



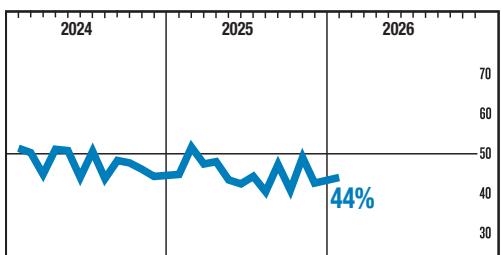
Inventories

The Inventories Index registered 45.1 percent. The six industries reporting an increase in inventories in January — in the following order — are: Educational Services; Agriculture, Forestry, Fishing & Hunting; Utilities; Professional, Scientific & Technical Services; Information; and Retail Trade.



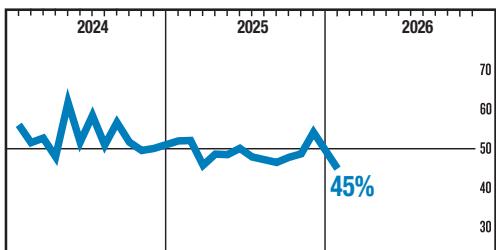
Prices

The Prices Index registered 66.6 percent. Seventeen industries reported an increase in prices paid during the month of January, in the following order: Wholesale Trade; Finance & Insurance; Other Services[‡]; Management of Companies & Support Services; Accommodation & Food Services; Information; Arts, Entertainment & Recreation; Health Care & Social Assistance; Public Administration; Professional, Scientific & Technical Services; Retail Trade; Educational Services; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Transportation & Warehousing; Construction; and Utilities.



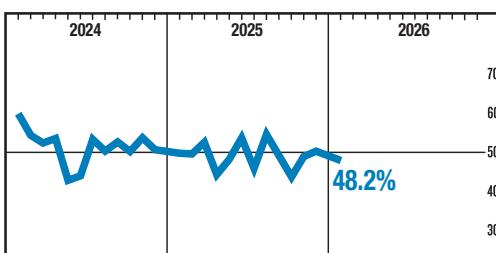
Backlog of Orders

The ISM Services Backlog of Orders Index registered 44 percent. The four industries reporting an increase in order backlogs in January are: Utilities; Professional, Scientific & Technical Services; Construction; and Health Care & Social Assistance.



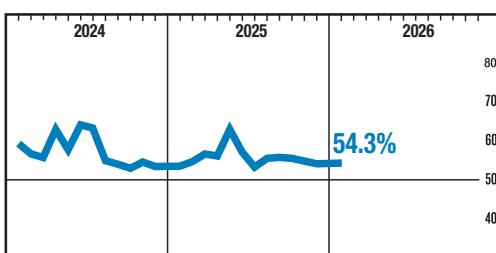
New Export Orders

The New Export Orders Index registered 45 percent. The three industries reporting an increase in new export orders in January are: Utilities; Information; and Wholesale Trade.



Imports

The Imports Index returned to contraction territory in January after one month in expansion, registering 48.2 percent. The three industries reporting an increase in imports for the month of January are: Agriculture, Forestry, Fishing & Hunting; Educational Services; and Professional, Scientific & Technical Services.



Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 54.3 percent. The eight industries reporting sentiment that their inventories were too high in January — listed in order — are: Retail Trade; Wholesale Trade; Educational Services; Other Services[‡]; Utilities; Construction; Health Care & Social Assistance; and Information.

[‡]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.

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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.