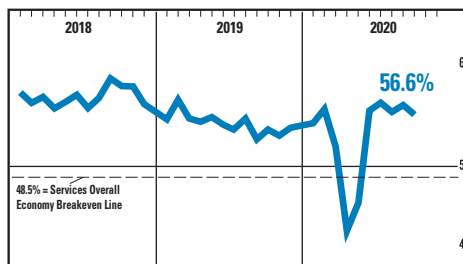


# SERVICES PMI™ at 56.6%

In October, the Services PMI™ (formerly the Non-Manufacturing NMI®) registered 56.6 percent, 1.2 percentage points lower than September's figure of 57.8 percent. The reading indicates the services sector grew for the fifth consecutive month after two months of contraction and 122 months of growth before that. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates the services sector is generally contracting. The past relationship between the Services PMI™ and the overall economy indicates that the Services PMI™ for October (56.6 percent) corresponds to a 2.7-percent increase in real gross domestic product (GDP) on an annualized basis.



Economic activity in the services sector grew in October for the fifth month in a row, say the nation's purchasing and supply executives in the latest Services ISM® Report On Business®.

The Services PMI™ registered 56.6 percent. The Prices Index figure of 63.9 percent is 4.9 percentage points higher than the September reading of 59 percent, indicating that prices increased in October at a faster rate. The composite index indicated growth for the fifth consecutive month after a two month contraction in April and May. There has been a slight pull back in the rate of growth in the Services Sector in the month of October. Respondents' comments are cautiously optimistic about business conditions and the economy. There is a degree of uncertainty due to the pandemic, capacity constraints, logistics and the elections.

The 16 services industries reporting growth in October — listed in order — are: Transportation & Warehousing; Construction; Accommodation & Food Services; Health Care & Social Assistance; Agriculture, Forestry, Fishing & Hunting; Educational Services; Finance & Insurance; Management of Companies & Support Services; Wholesale Trade; Mining; Professional, Scientific & Technical Services; Utilities; Retail Trade; Real Estate, Rental & Leasing; Information; and Other Services. 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	Oct Index	Sep Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI™	56.6	57.8	-1.2	Growing	Slower	5
Business Activity	61.2	63.0	-1.8	Growing	Slower	5
New Orders	58.8	61.5	-2.7	Growing	Slower	5
Employment	50.1	51.8	-1.7	Growing	Slower	2
Supplier Deliveries	56.2	54.9	+1.3	Slowing	Faster	17
Inventories	53.1	48.8	+4.3	Growing	From Contracting	1
Prices	63.9	59.0	+4.9	Increasing	Faster	7
Backlog of Orders	54.4	50.1	+4.3	Growing	Faster	5
New Export Orders	53.7	52.6	+1.1	Growing	Faster	3
Imports	52.5	46.6	+5.9	Growing	From Contracting	1
Inventory Sentiment	51.1	55.4	-4.3	Too High	Slower	3
<b>Overall Economy</b>				<b>Growing</b>	<b>Slower</b>	<b>5</b>
<b>Services Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>5</b>

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

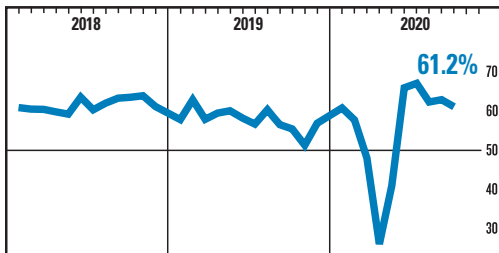
## Commodities Reported

**Commodities Up in Price:** Chemical Products; Construction Contractors; Corn (2); Disinfectant Supplies (2); Exam Gloves; Fuel; Hand Sanitizer; Labor (3); Labor — Temporary (2); Lumber Products (6); Medical Supplies (9); Nitrile Gloves (2); Personal Protective Equipment (PPE)\* (9); Plastic Products; PPE — Gloves; PPE — Gowns; PPE — Masks (3); PVC Products (2); and Steel (2).

**Commodities Down in Price:** Dairy; Diesel; Personal Protective Equipment (PPE)\*; and Software.

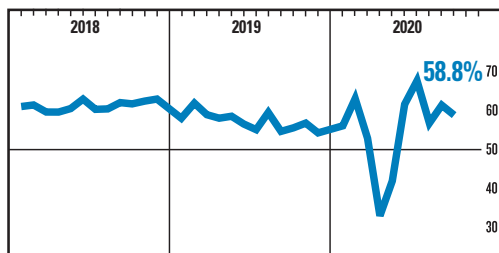
**Commodities in Short Supply:** Aluminum; Cleaning Products; Construction Contractors; Construction Subcontractors; Disinfectant Wipes (6); Exam Gloves; Glass Plate; Isolation Gowns; Labor — Construction (5); Medical Supplies (2); N95 Masks (8); Nitrile Gloves (5); Paper Products (2); Personal Protective Equipment (PPE) (9); PPE — Gloves (7); PPE — Gowns (7); PPE — Masks (8); PVC Products; Resins; Sanitary Supplies (7); Syringes and Needles; Vinyl Gloves; and Wipes (5).

Note: The number of consecutive months the commodity is listed is indicated after each item. \*Reported as both up and down in price.



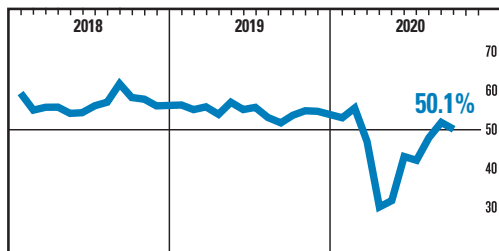
## Business Activity

ISM's Business Activity Index registered 61.2 percent. The 16 industries reporting an increase in business activity for the month of October — listed in order — are: Transportation & Warehousing; Accommodation & Food Services; Mining; Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Construction; Management of Companies & Support Services; Finance & Insurance; Educational Services; Utilities; Other Services<sup>†</sup>; Professional, Scientific & Technical Services; Wholesale Trade; Information; and Retail Trade.



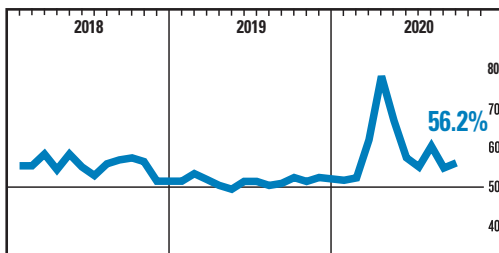
## New Orders

ISM's New Orders Index registered 58.8 percent. The 15 industries reporting growth of new orders in October — listed in order — are: Transportation & Warehousing; Construction; Health Care & Social Assistance; Accommodation & Food Services; Management of Companies & Support Services; Educational Services; Finance & Insurance; Agriculture, Forestry, Fishing & Hunting; Mining; Professional, Scientific & Technical Services; Other Services<sup>†</sup>; Retail Trade; Wholesale Trade; Utilities; and Information.



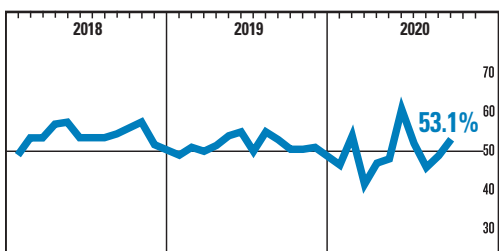
## Employment

Employment activity in the services sector grew in October for the second consecutive month after a six-month period of contraction, which was preceded by 72 consecutive months of growth. ISM's Services Employment Index registered 50.1 percent. The six industries reporting an increase in employment in October — listed in order — are: Transportation & Warehousing; Retail Trade; Health Care & Social Assistance; Wholesale Trade; Finance & Insurance; and Construction.



## Supplier Deliveries

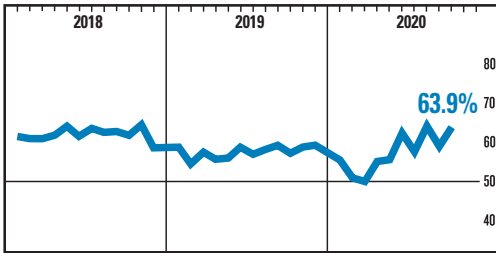
The Supplier Deliveries Index registered 56.2 percent. The 12 industries reporting slower deliveries in October — listed in order — are: Transportation & Warehousing; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Construction; Wholesale Trade; Professional, Scientific & Technical Services; Utilities; Information; Health Care & Social Assistance; Educational Services; Other Services<sup>†</sup>; and Retail Trade.



## Inventories

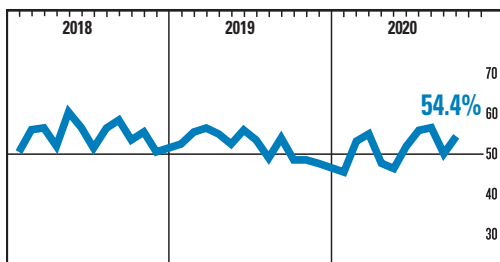
The Inventories Index grew in October after two previous months of contraction. The reading of 53.1 percent was a 4.3-percentage point increase from the 48.8 percent reported in September. The seven industries reporting an increase in inventories in October — listed in order — are: Transportation & Warehousing; Information; Educational Services; Wholesale Trade; Health Care & Social Assistance; Finance & Insurance; and Public Administration.

<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).



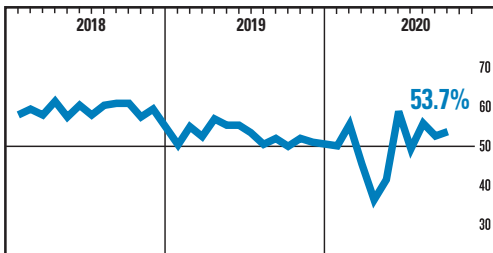
## Prices

Prices paid by service organizations for materials and services increased in October, with the index registering 63.9 percent. The 13 services industries that reported an increase in prices paid during the month of October — listed in order — are: Transportation & Warehousing; Health Care & Social Assistance; Wholesale Trade; Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Utilities; Management of Companies & Support Services; Public Administration; Professional, Scientific & Technical Services; Construction; Finance & Insurance; Mining; and Educational Services.



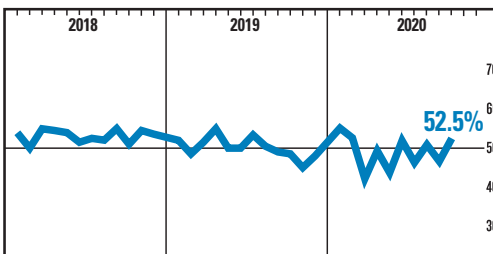
## Backlog of Orders

The ISM Services Backlog of Orders Index registered 54.4 percent. The eight industries reporting an increase in order backlogs in October — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Wholesale Trade; Accommodation & Food Services; Health Care & Social Assistance; Finance & Insurance; Information; and Professional, Scientific & Technical Services.



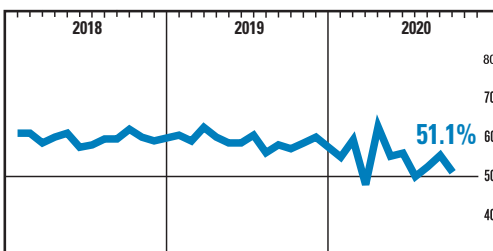
## New Export Orders

Orders and requests for services and other non-manufacturing activities to be provided outside of the U.S. by domestically based companies grew in October for the third consecutive month. The New Export Orders Index registered 53.7 percent. The seven industries reporting an increase in new export orders in October — listed in order — are: Real Estate, Rental & Leasing; Management of Companies & Support Services; Finance & Insurance; Transportation & Warehousing; Construction; Health Care & Social Assistance; and Wholesale Trade.



## Imports

The Services Imports Index grew, as it registered 52.5 percent. The seven industries reporting an increase in imports for the month of October — listed in order — are: Wholesale Trade; Educational Services; Agriculture, Forestry, Fishing & Hunting; Construction; Utilities; Health Care & Social Assistance; and Professional, Scientific & Technical Services.



## Inventory Sentiment

The ISM Services Inventory Sentiment Index in October registered 51.1 percent. The seven industries reporting sentiment that their inventories were too high in October — listed in order — are: Arts, Entertainment & Recreation; Mining; Information; Other Services<sup>†</sup>; Wholesale Trade; Educational Services; and Construction.

<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).