In February, the Services PMI® registered 55.3 percent, 3.4 percentage points lower than January figure of 58.7 percent. This reading indicates the services sector grew for the ninth consecutive month after two months of contraction and 123 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.

**Services PMI® at 55.3%**

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**Services at a Glance**

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<th>Jan Index</th>
<th>% Point Change</th>
<th>Direction</th>
<th>Rate of Change</th>
<th>Trend* (months)</th>
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<tr>
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<td>55.3</td>
<td>58.7</td>
<td>-3.4</td>
<td>Growing</td>
<td>Slower</td>
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<td>Business Activity</td>
<td>55.5</td>
<td>59.9</td>
<td>-4.4</td>
<td>Growing</td>
<td>Slower</td>
<td>9</td>
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<td>51.9</td>
<td>61.8</td>
<td>-9.9</td>
<td>Growing</td>
<td>Slower</td>
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<tr>
<td>Employment</td>
<td>52.7</td>
<td>55.2</td>
<td>-2.5</td>
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<td>Slower</td>
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<tr>
<td>Supplier Deliveries</td>
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<td>Slowing</td>
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<td>Inventories</td>
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<td>49.2</td>
<td>+9.7</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
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<tr>
<td>Prices</td>
<td>71.8</td>
<td>64.2</td>
<td>+7.6</td>
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<td>Faster</td>
<td>45</td>
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<tr>
<td>Backlog of Orders</td>
<td>55.2</td>
<td>50.9</td>
<td>+4.3</td>
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<td>57.6</td>
<td>47.0</td>
<td>+10.6</td>
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<td>1</td>
</tr>
<tr>
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<td>53.5</td>
<td>-3.0</td>
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<td>+4.6</td>
<td>Too High</td>
<td>From Too Low</td>
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<td>Overall Economy</td>
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<td>Slower</td>
<td>9</td>
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<td></td>
<td></td>
<td>Growing</td>
<td>Slower</td>
<td>9</td>
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</table>

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

**Commodities Up in Price**
- Aluminum (2)
- Cheese Products
- Corn
- Copper (2)
- Copper Products
- Diesel (3)
- Electronic Components
- Electrical Components
- Energy
- Exam Gloves (5)
- Freight (3)
- Fuel (2)
- Gasoline (3)
- Labor (3)
- Labor — Temporary (2)
- Lumber (2)
- Natural Gas
- Nitrile Gloves (6)
- Oil Products
- Oriented Strand Board (OSB) (3)
- Personal Protective Equipment (PPE)* (13)
- PPE — Gloves (5)
- Polyvinyl Chloride (PVC) Products (6)
- Pharmaceuticals (2)
- Protein
- Resin Products (2)
- Steel (6)
- Steel Products (2)
- Wood Products

**Commodities Down in Price**
- Personal Protective Equipment (PPE)*

**Commodities in Short Supply**
- Ammunition
- Appliances (2)
- Construction Contractors (5)
- COVID-19 Vaccine
- Electrical Components (3)
- Exam Gloves, Gloves (3)
- Insulation, Labor (3)
- Labor — Construction (2)
- Labor — Temporary (2)
- N95 Masks (12)
- Needles & Syringes (3)
- Nitrile Gloves (9)
- Oriented Strand Board (OSB) (2)
- Packaging, Paper Products
- Personal Protective Equipment (PPE) (13)
- PPE — Gloves (11)
- PPE — Gowns
- Plastic Bags
- Polyvinyl Chloride (PVC) Products
- Refrigerators
- Shipping Containers
- Steel Products (3)

**Note:** The number of consecutive months the commodity is listed is indicated after each item.*Reported as both up and down in price.
ISM’s Business Activity Index registered 55.5 percent. The 14 industries reporting an increase in business activity for the month of February — listed in order — are: Accommodation & Food Services; Arts, Entertainment & Recreation; Wholesale Trade; Transportation & Warehousing; Public Administration; Utilities; Educational Services; Management of Companies & Support Services; Construction; Mining; Finance & Insurance; Health Care & Social Assistance; Information; and Professional, Scientific & Technical Services.

ISM’s Services Employment Index registered 52.7 percent. The 11 industries reporting an increase in employment in February — listed in order — are: Arts, Entertainment & Recreation; Health Care & Social Assistance; Management of Companies & Support Services; Accommodation & Food Services; Construction; Other Services; Retail Trade; Utilities; Public Administration; Information; and Finance & Insurance.

The Supplier Deliveries Index registered 60.8 percent. The 15 industries reporting slower deliveries in February — listed in order — are: Transportation & Warehousing; Construction; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Retail Trade; Wholesale Trade; Other Services; Mining; Health Care & Social Assistance; Utilities; Accommodation & Food Services; Public Administration; Professional, Scientific & Technical Services; Information; and Finance & Insurance.

The Inventories Index grew in February after a month of contraction. The reading of 58.9 percent was a 9.7-percentage point increase from the 49.2 percent reported in January. The seven industries reporting an increase in inventories in February — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Mining; Public Administration; and Wholesale Trade.

ISM’s New Orders Index registered 51.9 percent. The 11 industries reporting growth of new orders in February — listed in order — are: Wholesale Trade; Accommodation & Food Services; Construction; Public Administration; Transportation & Warehousing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Utilities; Educational Services; Finance & Insurance; and Health Care & Social Assistance.
Prices

Prices paid by service organizations for materials and services increased in February, with the index registering 71.8 percent. The 16 services industries that reported an increase in prices paid during the month of February — listed in order — are: Accommodation & Food Services; Construction; Wholesale Trade; Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Mining; Transportation & Warehousing; Retail Trade; Public Administration; Health Care & Social Assistance; Finance & Insurance; Utilities; Other Services; Professional, Scientific & Technical Services; Educational Services; and Management of Companies & Support Services.

Backlog of Orders

The ISM Services Backlog of Orders Index registered 55.2 percent. The eight industries reporting an increase in order backlogs in February — listed in order — are: Real Estate, Rental & Leasing; Transportation & Warehousing; Utilities; Construction; Wholesale Trade; Educational Services; Finance & Insurance; and Professional, Scientific & Technical Services.

New Export Orders

The New Export Orders Index registered 57.6 percent. The seven industries reporting an increase in new export orders in February — listed in order — are: Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Educational Services; Finance & Insurance; Health Care & Social Assistance; Wholesale Trade; and Professional, Scientific & Technical Services.

Imports

The Imports Index grew at a slower rate in February, as it registered 50.5 percent. The seven industries reporting an increase in imports for the month of February — listed in order — are: Accommodation & Food Services; Real Estate, Rental & Leasing; Transportation & Warehousing; Wholesale Trade; Health Care & Social Assistance; Information; and Professional, Scientific & Technical Services.

Inventory Sentiment

The ISM Services Inventory Sentiment Index in February registered 54.3 percent. The eight industries reporting sentiment that their inventories were too high in February — listed in order — are: Arts, Entertainment & Recreation; Mining; Real Estate, Rental & Leasing; Other Services; Health Care & Social Assistance; Utilities; Information; and Public Administration.

*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).