In December, the Services PMI® registered 62 percent. The 12-month average is 62.5 percent, which reflects strong and sustained demand in the services sector. The December reading indicates the services sector grew for the 19th 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.

Economic activity in the services sector grew in December for the 19th month in a row — with the Services PMI® exceeding 60 percent for the 10th consecutive month — say the nation’s purchasing and supply executives in the latest Services ISM® Report On Business®.

In December, the Services PMI® registered 62 percent, 7.1 percentage points below November’s all-time high reading of 69.1 percent. The Business Activity Index registered 67.6 percent, a decrease of 7 percentage points compared to the reading of 74.6 percent in November, and the New Orders Index registered 61.5 percent, 8.2 percentage points lower than the 69.7 percent reading in November. Respondents have indicated that they continue to struggle with inflation, supply chain disruption, capacity constraints, logistical challenges and the shortage of labor and materials. The 16 services industries reporting growth in December — listed in order — are: Accommodation & Food Services; Wholesale Trade; Construction; Transportation & Warehousing; Management of Companies & Support Services; Retail Trade; Other Services®; Health Care & Social Assistance; Arts, Entertainment & Recreation; Utilities; Professional, Scientific & Technical Services; Public Administration; Finance & Insurance; Information; Real Estate, Rental & Leasing; and Educational Services.

**Commodities Reported**

**Commodities Up in Price:** Aluminum Products; Chemicals (4); Chicken (4); Construction Contractors (6); Copper Products; Diesel Fuel (13); Electrical Components (11); Electronic Components; Food and Beverages; Freight (8); Fuel (12); Gasoline* (13); Labor (13); Labor — Construction (5); Labor — Technical (2); Metal Based Products; Paper Products; Personal Protection Equipment (PPE); Plastic Products (5); Polyvinyl Chloride (PVC) Products (4); Professional Services (2); Resin Based Products; Software; Steel (3); Steel Products* (12); Sulfuric Acid; Transformers; and Transportation Costs (3).

**Commodities Down in Price:** Dairy Products; Gasoline*; and Steel Products*.

**Commodities in Short Supply:** Appliances; Computer Equipment (5); Construction Contractors (4); Construction Materials (2); Construction Subcontractors (5); Crutches (3); Electronic Assemblies; Electronic Components; Labor (5); Labor — Temporary; Laptops and Desktop Computers (5); Microchips; Packaging; Pipette Tips (10); Plastic Products (2); Polyvinyl Chloride (PVC) Conduit; Steel Products (4); and Suction Canisters (2).

Note: The number of consecutive months the commodity has been listed is indicated after each item. *Reported as both up and down in price.
ISM® Report On Business

ISM Report On Business®

Analysis by Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM, Chair of the Institute for Supply Management® Services Business Survey Committee

December 2021

Business Activity
ISM’s Business Activity Index registered 67.6 percent. The 15 industries reporting an increase in business activity for the month of December — listed in order — are: Accommodation & Food Services; Transportation & Warehousing; Retail Trade; Wholesale Trade; Health Care & Social Assistance; Management of Companies & Support Services; Arts, Entertainment & Recreation; Construction; Other Services; Finance & Insurance; Real Estate, Rental & Leasing; Utilities; Information; Professional, Scientific & Technical Services; and Public Administration.

New Orders
ISM’s New Orders Index registered 61.5 percent. Thirteen industries reported growth of new orders in December, in the following order: Construction; Accommodation & Food Services; Wholesale Trade; Transportation & Warehousing; Management of Companies & Support Services; Arts, Entertainment & Recreation; Other Services; Retail Trade; Health Care & Social Assistance; Finance & Insurance; Professional, Scientific & Technical Services; Utilities; and Public Administration.

Employment
ISM’s Services Employment Index registered 54.9 percent. The 11 industries reporting an increase in employment in December — listed in order — are: Retail Trade; Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; Transportation & Warehousing; Wholesale Trade; Utilities; Educational Services; Public Administration; Construction; and Information.

Supplier Deliveries
The Supplier Deliveries Index registered 63.9 percent. The 15 industries reporting slower deliveries in December — listed in order — are: Accommodation & Food Services; Management of Companies & Support Services; Other Services; Construction; Health Care & Social Assistance; Mining; Wholesale Trade; Utilities; Educational Services; Agriculture, Forestry, Fishing & Hunting; Professional, Scientific & Technical Services; Information; Public Administration; Transportation & Warehousing; and Finance & Insurance.

Inventories
The Inventories Index registered 46.7 percent. The six industries reporting an increase in inventories in December — listed in order — are: Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Management of Companies & Support Services; Health Care & Social Assistance; and Wholesale Trade.

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).

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 services organizations for materials and services increased in December, with the index registering 82.5 percent. All 18 services industries reported an increase in prices paid during the month of December, in the following order: Accommodation & Food Services; Mining; Management of Companies & Support Services; Other Services; Wholesale Trade; Utilities; Arts, Entertainment & Recreation; Construction; Educational Services; Information; Transportation & Warehousing; Public Administration; Real Estate, Rental & Leasing; Retail Trade; Finance & Insurance; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Agriculture, Forestry, Fishing & Hunting.

New Export Orders
The New Export Orders Index registered 61.5 percent. The six industries reporting an increase in new export orders in December — listed in order — are: Construction; Real Estate, Rental & Leasing; Transportation & Warehousing; Retail Trade; Wholesale Trade; and Information.

Imports
The Imports Index grew in December for the third consecutive month, as it registered 55.5 percent. The four industries reporting an increase in imports for the month of December are: Retail Trade; Transportation & Warehousing; Wholesale Trade; and Professional, Scientific & Technical Services.

Inventory Sentiment
The ISM Services Inventory Sentiment Index contracted in December for the ninth consecutive month, registering 38.3 percent. The four industries reporting sentiment that their inventories were too high in December are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Health Care & Social Assistance; and Wholesale Trade.