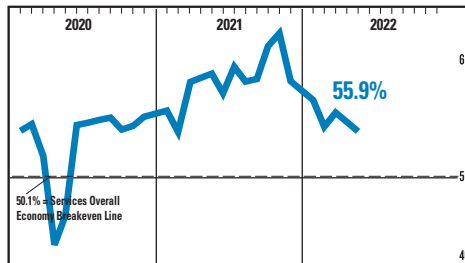


SERVICES PMI® at 55.9%

In May, the Services PMI® registered 55.9 percent, a 1.2-percentage point decrease compared to the April reading of 57.7 percent. The 12-month average is 61.2 percent, which reflects consistently strong growth in the services sector. This month's reading, however, is the lowest figure since February 2021, when the index also registered 55.9 percent. The May reading indicates the services sector grew for the 24th consecutive month. 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 May for the 24th month in a row — with the Services PMI® registering 55.9 percent — say the nation's purchasing and supply executives in the latest Services ISM® Report On Business®.

The Business Activity Index registered 54.5 percent, a decrease of 4.6 percentage points compared to the reading of 59.1 percent in April, and the New Orders Index figure of 57.6 percent is 3 percentage points higher than the April reading of 54.6 percent. The Prices Index dropped from the all-time high of 84.6 percent in April, decreasing 2.5 percentage points to 82.1 percent. Services businesses continue to struggle to replenish inventories, as the Inventories Index grew, but at a slower rate, registering 51 percent.

The 14 services industries reporting growth in May — listed in order — are: Mining; Construction; Real Estate, Rental & Leasing; Educational Services; Transportation & Warehousing; Management of Companies & Support Services; Utilities; Accommodation & Food Services; Wholesale Trade; Professional, Scientific & Technical Services; Arts, Entertainment & Recreation; Other Services*; Health Care & Social Assistance; and Public Administration. ISM

Services at a Glance

INDEX	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	55.9	57.1	-1.2	Growing	Slower	24
Business Activity	54.5	59.1	-4.6	Growing	Slower	24
New Orders	57.6	54.6	+3.0	Growing	Faster	24
Employment	50.2	49.5	+0.7	Growing	From Contracting	1
Supplier Deliveries	61.3	65.1	-3.8	Slowing	Slower	36
Inventories	51.0	52.3	-1.3	Growing	Slower	4
Prices	82.1	84.6	-2.5	Increasing	Slower	60
Backlog of Orders	52.0	59.4	-7.4	Growing	Slower	17
New Export Orders	60.9	58.1	+2.8	Growing	Faster	4
Imports	52.8	52.9	-0.1	Growing	Slower	2
Inventory Sentiment	44.5	46.7	-2.2	Too Low	Faster	3
Overall Economy				Growing	Slower	24
Services Sector				Growing	Slower	24

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

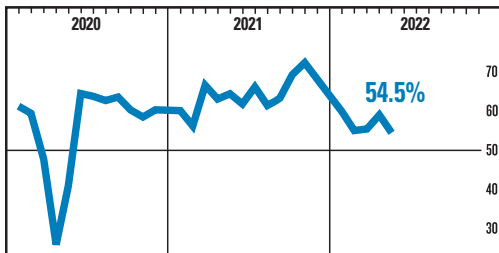
Commodities Reported

Commodities Up in Price: Airfares; Aluminum (2); Aluminum Products (6); Beef; Benefits; Cable; Caustic Soda; Cheese; Chemicals (2); Chicken (9); Chlorine Liquid; Construction Materials; Dairy Products (2); Diesel Exhaust Fluid; Diesel Fuel (18); Electrical Components (16); Electricity; Electronic Components (6); Energy; Engine Components; Fish; Food and Beverages (2); Food Products (3); Freight (13); Fuel (17); Fuel Related Products (3); Gasoline (18); Hotel Rates; Labor (18); Labor — Temporary (4); Natural Gas (3); Office and Computer Supplies (3); Paper (4); Paper Products (6); Petroleum (3); Plastic Products (10); Polyvinyl Chloride (PVC) Products (9); Resin; Rubber Products; Shipping Costs (2); Steel Products* (17); Transportation Costs (4); Travel; Vehicles; and Wood Items. **Commodities Down in Price:** Copper Products; and Steel Products*.

*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).

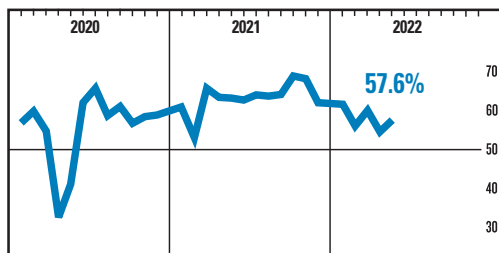
Note: To view the full report, visit the ISM® Report On Business® website at ismrob.org

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



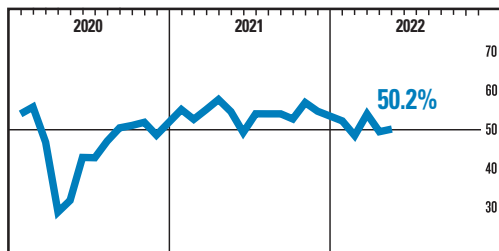
Business Activity

ISM's Business Activity Index registered 54.5 percent. The 13 industries reporting an increase in business activity for the month of May — listed in order — are: Mining; Construction; Educational Services; Arts, Entertainment & Recreation; Management of Companies & Support Services; Real Estate, Rental & Leasing; Utilities; Professional, Scientific & Technical Services; Accommodation & Food Services; Wholesale Trade; Public Administration; Transportation & Warehousing; and Health Care & Social Assistance.



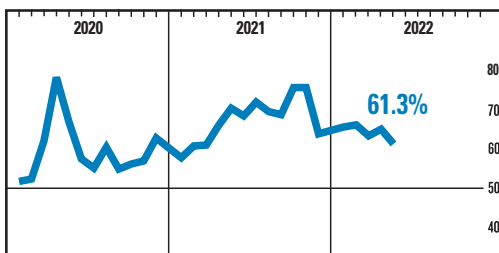
New Orders

ISM's New Orders Index registered 57.6 percent. Fifteen industries reported growth of new orders in May, in the following order: Construction; Arts, Entertainment & Recreation; Educational Services; Mining; Management of Companies & Support Services; Real Estate, Rental & Leasing; Utilities; Professional, Scientific & Technical Services; Wholesale Trade; Transportation & Warehousing; Accommodation & Food Services; Finance & Insurance; Other Services^{**}; Health Care & Social Assistance; and Public Administration.



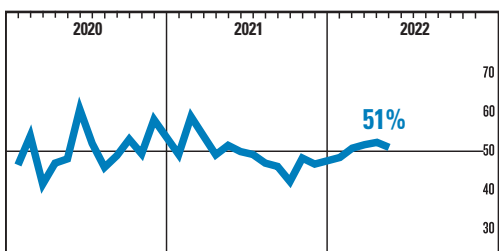
Employment

ISM's Employment Index registered 50.2 percent. The nine industries reporting an increase in employment in May — listed in order — are: Mining; Construction; Accommodation & Food Services; Transportation & Warehousing; Other Services^{**}; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Wholesale Trade; and Health Care & Social Assistance.



Supplier Deliveries

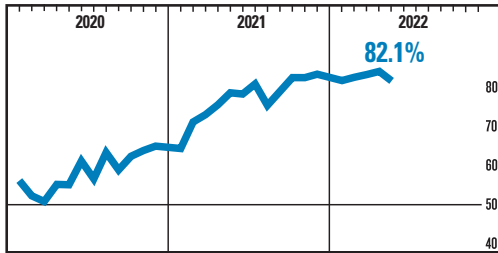
The Supplier Deliveries Index registered 61.3 percent. The 15 industries reporting slower deliveries in May — listed in order — are: Mining; Real Estate, Rental & Leasing; Management of Companies & Support Services; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Educational Services; Utilities; Wholesale Trade; Construction; Health Care & Social Assistance; Public Administration; Finance & Insurance; Information; Other Services^{**}; and Professional, Scientific & Technical Services.



Inventories

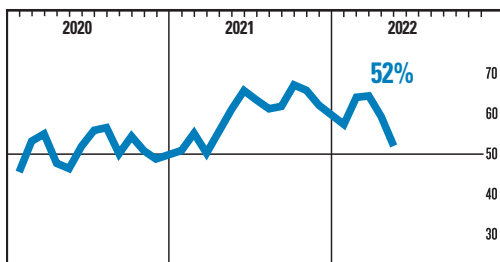
The Inventories Index registered 51 percent. The seven industries reporting an increase in inventories in May — listed in order — are: Accommodation & Food Services; Transportation & Warehousing; Retail Trade; Wholesale Trade; Utilities; Construction; and Professional, Scientific & Technical Services.

^{**}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).



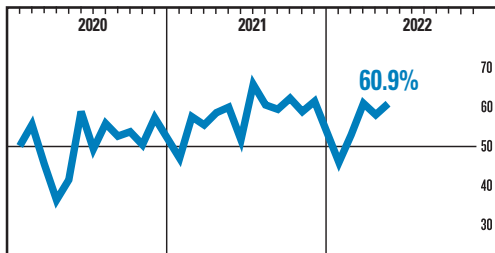
Prices

Prices paid by services organizations for materials and services increased in May for the 60th consecutive month, with the index registering 82.1 percent. All 18 services industries reported an increase in prices paid during the month of May, in the following order: Arts, Entertainment & Recreation; Mining; Construction; Management of Companies & Support Services; Accommodation & Food Services; Transportation & Warehousing; Real Estate, Rental & Leasing; Wholesale Trade; Other Services[†]; Public Administration; Educational Services; Finance & Insurance; Retail Trade; Information; Professional, Scientific & Technical Services; Health Care & Social Assistance; Utilities; and Agriculture, Forestry, Fishing & Hunting.



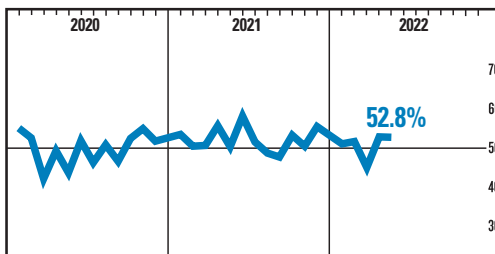
Backlog of Orders

The ISM Services Backlog of Orders Index registered 52 percent. The eight industries reporting an increase in order backlogs in May — listed in order — are: Management of Companies & Support Services; Accommodation & Food Services; Utilities; Wholesale Trade; Transportation & Warehousing; Educational Services; Construction; and Professional, Scientific & Technical Services.



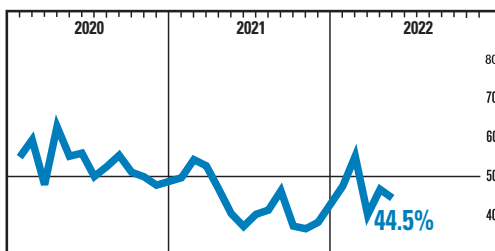
New Export Orders

The New Export Orders Index registered 60.9 percent. The six industries reporting an increase in new export orders in May — listed in order — are: Mining; Real Estate, Rental & Leasing; Accommodation & Food Services; Utilities; Retail Trade; and Transportation & Warehousing.



Imports

The Imports Index grew in May for the second month in a row, registering 52.8 percent. The five industries reporting an increase in imports for the month of May are: Retail Trade; Mining; Transportation & Warehousing; Utilities; and Wholesale Trade.



Inventory Sentiment

The ISM Services Inventory Sentiment Index contracted in May for the third month in a row, registering 44.5 percent. The 10 industries reporting sentiment that their inventories were too high in May — listed in order — are: Arts, Entertainment & Recreation; Mining; Other Services[†]; Accommodation & Food Services; Utilities; Health Care & Social Assistance; Finance & Insurance; Retail Trade; Wholesale Trade; and Professional, Scientific & Technical 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).

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 **Manufacturing ISM® Report On Business®** is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Committee is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industry's 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 the BEA estimates for 2020 GDP (released December 22, 2021), the six largest manufacturing subsectors are: Computer & Electronic Products; Chemical Products; Transportation Equipment; Petroleum & Coal Products; Food, Beverage & Tobacco Products; and Machinery. Beginning in February 2018 with January 2018 data, computation of the indexes is accomplished utilizing unrounded numbers.

The **Services ISM® Report On Business®** (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 Committee (formerly Non-Manufacturing Business Survey Committee) is diversified by NAICS, based on each industry's contribution to gross domestic product (GDP). The Services Business Survey Committee 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 the BEA estimates for 2020 GDP (released December 22, 2021), the six largest services sectors are: Real Estate, Rental & Leasing; Government; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance. Beginning in February 2020 with January 2020 data, computation of the indexes is accomplished utilizing unrounded numbers.

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 48.7 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.7 percent, it is generally declining. The distance from 50 percent or 48.7 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 50.1 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 50.1 percent, it is generally declining. The distance from 50 percent or 50.1 percent is indicative of the strength of the expansion or decline. With some of the indicators within the Manufacturing ISM® Report On Business®, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The *Report On Business®* surveys are sent out to Manufacturing and Services Business Survey Committee 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 ROB Content

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Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM® *Report On Business®*, its highly regarded certification programs and the ISM Advance™ Digital Platform. This report has been issued by the association since 1931, except for a four-year interruption during World War II.