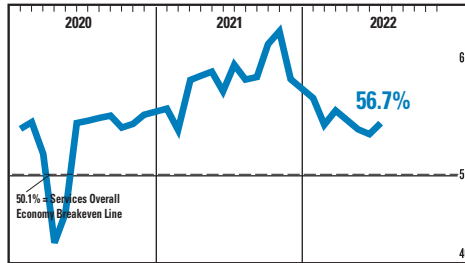


SERVICES PMI® at 56.7%

In July, the Services PMI® registered 56.7 percent, a 1.4-percentage point increase compared to the June reading of 55.3 percent. The 12-month average is 60.2 percent, reflecting consistently strong growth in the services sector, which has expanded for 26 consecutive months. 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 July for the 26th month in a row — with the Services PMI® registering 56.7 percent — say the nation’s purchasing and supply executives in the latest Services ISM® Report On Business®.

According to the Services PMI®, 13 industries reported growth. The composite index indicated growth for the 26th consecutive month after a two-month contraction in April and May 2020. Growth continues — at a faster rate — for the services sector, which has expanded for all but two of the last 150 months. The slight increase in services sector growth was due to an increase in business activity and new orders. The Employment Index (49.1 percent) contracted for the second consecutive month, and the Backlog of Orders Index decreased 2.2 percentage points, to 58.3 percent. Availability issues with overland trucking, a restricted labor pool, various material shortages and inflation continue to be impediments for the services sector.

The 13 services industries reporting growth in July — listed in order — are: Mining; Real Estate, Rental & Leasing; Public Administration; Management of Companies & Support Services; Construction; Educational Services; Other Services*; Utilities; Professional, Scientific & Technical Services; Health Care & Social Assistance; Transportation & Warehousing; Wholesale Trade; and Information. ISM

Services at a Glance

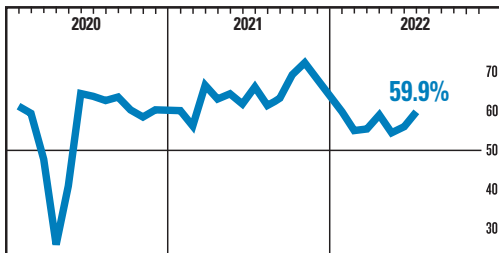
INDEX	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	56.7	55.3	+1.4	Growing	Faster	26
Business Activity	59.9	56.1	+3.8	Growing	Faster	26
New Orders	59.9	55.6	+4.3	Growing	Faster	26
Employment	49.1	47.4	+1.7	Contracting	Slower	2
Supplier Deliveries	57.8	61.9	-4.1	Slowing	Slower	38
Inventories	45.0	47.5	-2.5	Contracting	Faster	2
Prices	72.3	80.1	-7.8	Increasing	Slower	62
Backlog of Orders	58.3	60.5	-2.2	Growing	Slower	19
New Export Orders	59.5	57.5	+2.0	Growing	Faster	6
Imports	48.0	46.3	+1.7	Contracting	Slower	2
Inventory Sentiment	50.1	46.2	+3.9	Too High	From Too Low	1
Overall Economy				Growing	Faster	26
Services Sector				Growing	Faster	26

*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

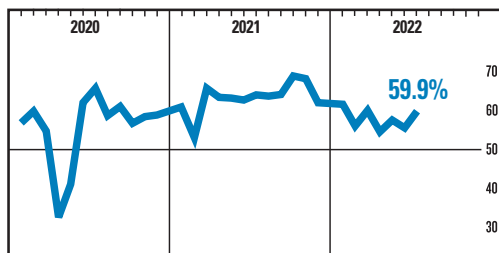
Commodities Up in Price: Aluminum Products* (8); Chemicals (4); Coated Freesheet; Computer Accessories; Diesel Fuel (20); Eggs; Electrical Components (18); Fuel* (19); Freight Rates; Gasoline (20); Hotel Rates (3); Heating, Ventilation and Air Conditioning (HVAC) Equipment; Labor (20); Labor — Contingent; Medical Supplies; Steel Products (19); Transformers (2); Transportation Costs; Travel (3); and Utilities.

*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).



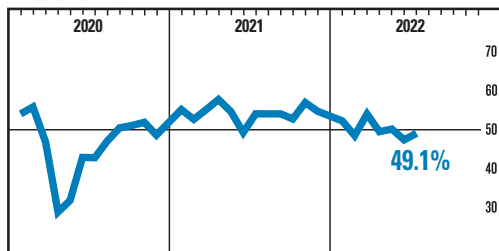
Business Activity

ISM's Business Activity Index registered 59.9 percent. The 13 industries reporting an increase in business activity for the month of July — listed in order — are: Mining; Real Estate, Rental & Leasing; Educational Services; Public Administration; Management of Companies & Support Services; Utilities; Construction; Other Services^{††}; Professional, Scientific & Technical Services; Health Care & Social Assistance; Wholesale Trade; Transportation & Warehousing; and Information.



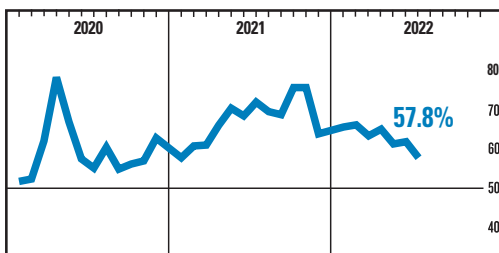
New Orders

ISM's New Orders Index registered 59.9 percent. Eleven industries reported growth of new orders in July, in the following order: Real Estate, Rental & Leasing; Mining; Educational Services; Public Administration; Transportation & Warehousing; Other Services^{††}; Utilities; Management of Companies & Support Services; Construction; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



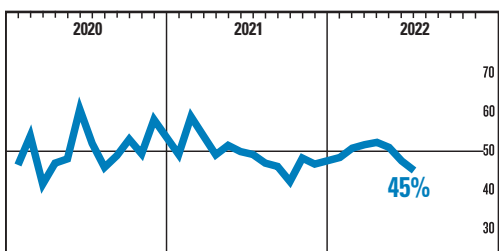
Employment

ISM's Employment Index registered 49.1 percent. The eight industries reporting an increase in employment in July — listed in order — are: Mining; Construction; Accommodation & Food Services; Other Services^{††}; Management of Companies & Support Services; Public Administration; Professional, Scientific & Technical Services; and Wholesale Trade.



Supplier Deliveries

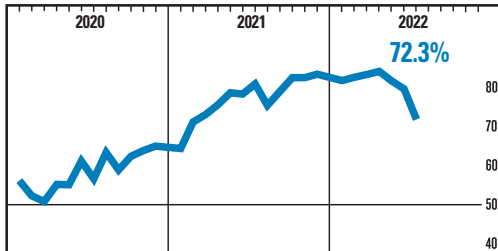
The Supplier Deliveries Index registered 57.8 percent. The 14 industries reporting slower deliveries in July — listed in order — are: Mining; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Accommodation & Food Services; Educational Services; Construction; Utilities; Health Care & Social Assistance; Management of Companies & Support Services; Real Estate, Rental & Leasing; Public Administration; Professional, Scientific & Technical Services; Transportation & Warehousing; and Information.



Inventories

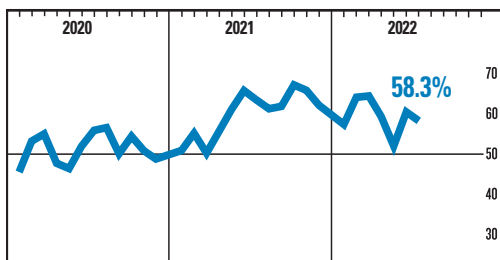
The Inventories Index registered 45 percent. The seven industries reporting an increase in inventories in July — listed in order — are: Mining; Utilities; Wholesale Trade; Educational Services; Transportation & Warehousing; Public Administration; and Professional, Scientific & Technical Services.

^{††}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).



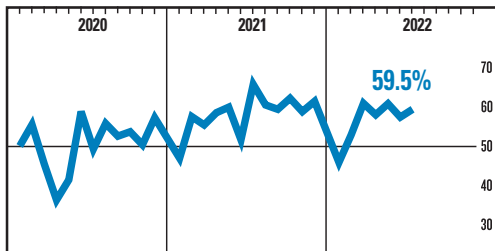
Prices

Prices paid by services organizations for materials and services increased in July for the 62nd consecutive month, with the index registering 72.3 percent. Sixteen services industries reported an increase in prices paid during the month of July, in the following order: Mining; Public Administration; Information; Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Educational Services; Finance & Insurance; Management of Companies & Support Services; Professional, Scientific & Technical Services; Real Estate, Rental & Leasing; Transportation & Warehousing; Construction; Health Care & Social Assistance; Other Services[†]; Utilities; and Wholesale Trade.



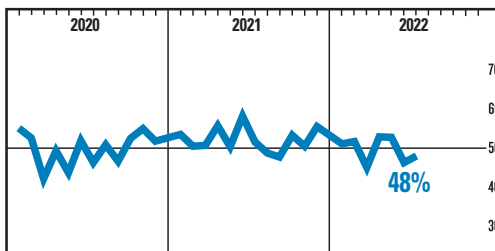
Backlog of Orders

The ISM Services Backlog of Orders Index registered 58.3 percent. The nine industries reporting an increase in order backlogs in July — listed in order — are: Accommodation & Food Services; Real Estate, Rental & Leasing; Other Services[†]; Public Administration; Utilities; Educational Services; Retail Trade; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



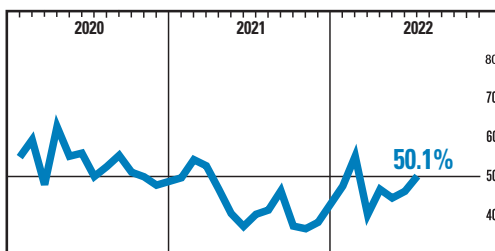
New Export Orders

The New Export Orders Index registered 59.5 percent. The six industries reporting an increase in new export orders in July — listed in order — are: Accommodation & Food Services; Mining; Real Estate, Rental & Leasing; Construction; Utilities; and Educational Services.



Imports

The Imports Index contracted in July for the second consecutive month, registering 48 percent. The seven industries reporting an increase in imports for the month of July — listed in order — are: Mining; Information; Transportation & Warehousing; Educational Services; Utilities; Wholesale Trade; and Health Care & Social Assistance.



Inventory Sentiment

The ISM Services Inventory Sentiment Index grew in July after four previous months of contraction, registering 50.1 percent. The five industries reporting sentiment that their inventories were too high in July are: Retail Trade; Health Care & Social Assistance; Information; Wholesale Trade; and Utilities.

[†]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.

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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.