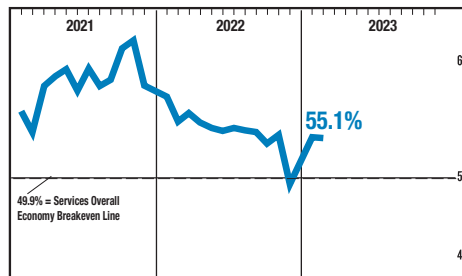


SERVICES PMI® at 55.1%

In February, the Services PMI® registered 55.1 percent, a 0.1-percentage point decrease compared to the January reading of 55.2 percent. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates it is generally contracting. A Services PMI® above 49.9 percent, over time, generally indicates an expansion of the overall economy. Therefore, the February Services PMI® indicates the overall economy is growing for the second consecutive month after one month of contraction in December.



Economic activity in the services sector expanded in February for the second consecutive month as the Services PMI® registered 55.1 percent, say the nation’s purchasing and supply executives in the latest Services ISM® *Report On Business*®.

The sector has grown in 32 of the last 33 months, with the lone contraction in December. The Business Activity Index registered 56.3 percent, a 4.1-percentage point decrease compared to the reading of 60.4 percent in January. The New Orders Index expanded in February for the second consecutive month after contracting in December for the first time since May 2020; the figure of 62.6 percent is 2.2 percentage points higher than the January reading of 60.4 percent. Business Survey Committee respondents indicated that they are mostly positive about business conditions. Suppliers continue to improve their capacity and logistics, as evidenced by faster deliveries.

The 13 services industries reporting growth in February — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Public Administration; Construction; Professional, Scientific & Technical Services; Retail Trade; Utilities; Other Services; Educational Services; Finance & Insurance; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Health Care & Social Assistance; and Accommodation & Food Services. **ISM**

Services at a Glance

INDEX	Feb Index	Jan Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	55.1	55.2	-0.1	Growing	Slower	2
Business Activity	56.3	60.4	-4.1	Growing	Slower	33
New Orders	62.6	60.4	+2.2	Growing	Faster	2
Employment	54.0	50.0	+4.0	Growing	From Unchanged	1
Supplier Deliveries	47.6	50.0	-2.4	Faster	From Unchanged	1
Inventories	50.6	49.2	+1.4	Growing	From Contracting	1
Prices	65.6	67.8	-2.2	Increasing	Slower	69
Backlog of Orders	52.8	52.9	-0.1	Growing	Slower	26
New Export Orders	61.7	59.0	+2.7	Growing	Faster	2
Imports	52.6	53.0	-0.4	Growing	Slower	6
Inventory Sentiment	55.3	55.8	-0.5	Too High	Slower	3
Overall Economy				Growing	Slower	2
Services Sector				Growing	Slower	2

*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

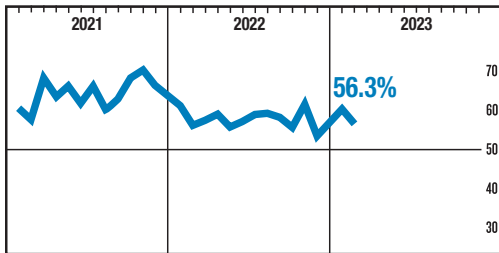
Commodities Up in Price: Chemicals (3); Copper Wire; Eggs (2); Electrical Components (25); Electronic Components (2); Diesel Fuel*; Gasoline*; Labor (27); Labor — Contract (2); Labor — Services; Labor — Skilled; Soybean Products; Lumber; Oriented Strand Board (OSB); Pallets (2); Services; and Steel Products*.

Commodities Down in Price: Diesel Fuel* (2); Gasoline* (7); PVC Products; and Steel Products* (2).

Commodities in Short Supply: Appliances (3); Blood Collection Tubes; Circuit Breakers (2); Computer Accessories; Computer Chips; Containers; Eggs; Electronic Components (2); Labor (4); Labor — Construction; Labor — Technology and Web-Related; Needles and Syringes (2); Semiconductors (2); Tourniquets; Transformers (6); and Vehicles (8).

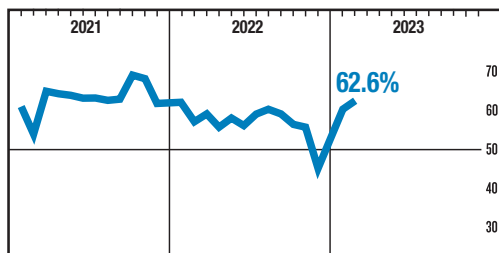
• **Other Services** (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services 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.



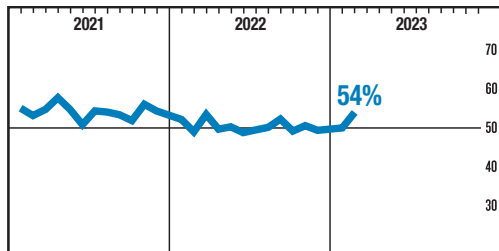
Business Activity

ISM's Business Activity Index registered 56.3 percent. The 14 industries reporting an increase in business activity for the month of February — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Public Administration; Retail Trade; Construction; Information; Utilities; Other Services^{**}; Professional, Scientific & Technical Services; Educational Services; Health Care & Social Assistance; Finance & Insurance; Management of Companies & Support Services; Transportation & Warehousing; and Accommodation & Food Services.



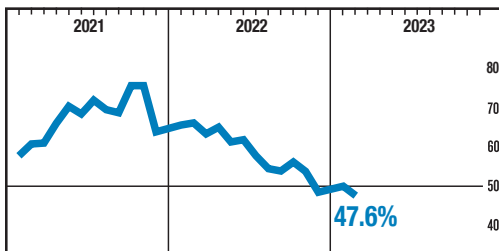
New Orders

ISM's New Orders Index registered 62.6 percent. Fourteen industries reported growth of new orders in February, in the following order: Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Construction; Other Services^{**}; Public Administration; Professional, Scientific & Technical Services; Utilities; Educational Services; Retail Trade; Accommodation & Food Services; Finance & Insurance; Management of Companies & Support Services; Transportation & Warehousing; and Health Care & Social Assistance.



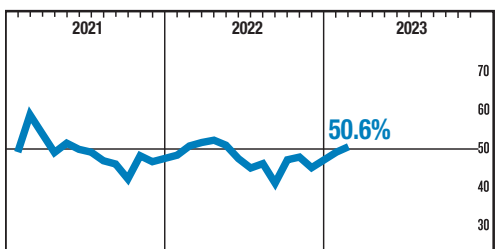
Employment

ISM's Employment Index registered 54 percent. The 10 industries reporting an increase in employment in February — listed in order — are: Mining; Arts, Entertainment & Recreation; Construction; Accommodation & Food Services; Retail Trade; Public Administration; Professional, Scientific & Technical Services; Health Care & Social Assistance; Utilities; and Finance & Insurance.



Supplier Deliveries

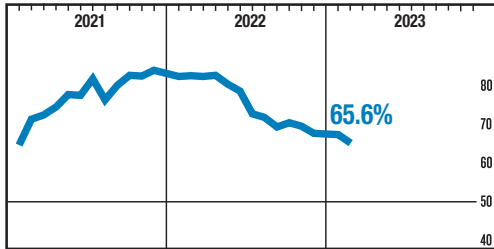
The Supplier Deliveries Index registered 47.6 percent. The three industries reporting slower deliveries in February are: Public Administration; Educational Services; and Finance & Insurance.



Inventories

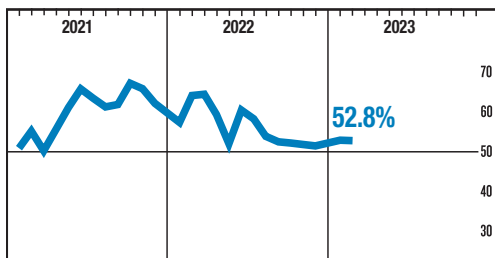
The Inventories Index registered 50.6 percent. The seven industries reporting an increase in inventories in February — listed in order — are: Mining; Utilities; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Transportation & Warehousing; Public Administration; and Wholesale 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).



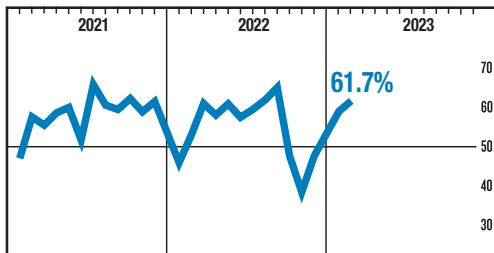
Prices

The Prices Index registered 65.6 percent. Sixteen services industries reported an increase in prices paid during the month of February, in the following order: Arts, Entertainment & Recreation; Mining; Public Administration; Health Care & Social Assistance; Construction; Finance & Insurance; Utilities; Agriculture, Forestry, Fishing & Hunting; Information; Educational Services; Real Estate, Rental & Leasing; Management of Companies & Support Services; Professional, Scientific & Technical Services; Retail Trade; Wholesale Trade; and Transportation & Warehousing.



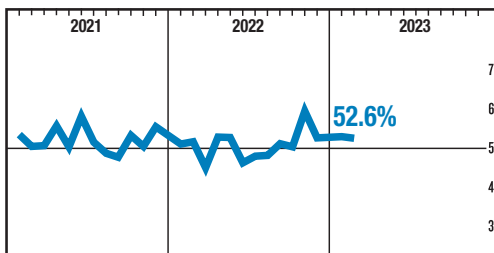
Backlog of Orders

The ISM Services Backlog of Orders Index registered 52.8 percent. The five industries reporting an increase in order backlogs in February are: Management of Companies & Support Services; Public Administration; Utilities; Professional, Scientific & Technical Services; and Construction.



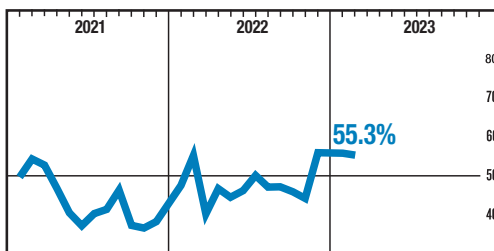
New Export Orders

The New Export Orders Index registered 61.7 percent. The eight industries reporting an increase in new export orders in February — listed in order — are: Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Construction; Management of Companies & Support Services; Retail Trade; Utilities; Professional, Scientific & Technical Services; and Finance & Insurance.



Imports

The Imports Index registered 52.6 percent. The six industries reporting an increase in imports for the month of February — listed in order — are: Retail Trade; Utilities; Management of Companies & Support Services; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Transportation & Warehousing.



Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 55.3 percent. The nine industries reporting sentiment that their inventories were too high in February — listed in order — are: Arts, Entertainment & Recreation; Construction; Wholesale Trade; Agriculture, Forestry, Fishing & Hunting; Other Services^{**}; Retail Trade; Health Care & Social Assistance; Utilities; and Information.

^{**}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 2021 GDP (released December 22, 2022), the six largest manufacturing subsectors are: Computer & Electronic Products; Chemical Products; Food, Beverage & Tobacco Products; Transportation Equipment; Machinery; and Petroleum & Coal Products.

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 2021 GDP (released December 22, 2022), the six largest services sectors are: Real Estate, Rental & Leasing; Government; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance.

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 49.9 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 49.9 percent, it is generally declining. The distance from 50 percent or 49.9 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.