SERVICES

PMI® at 53.9%

In June, the Services PMI® registered 53.9 percent, a 3.6-percentage point increase compared to the May reading of 50.3 percent. Therefore, the June Services PMI® indicates the overall economy is growing for the sixth consecutive month after one month of contraction in December. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates it is generally contracting.

Services a Glance

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<td>Services PMI®</td>
<td>53.9</td>
<td>50.3</td>
<td>+3.6</td>
<td>Growing</td>
<td>Faster</td>
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<td>Business Activity</td>
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<td>51.5</td>
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<td>Growing</td>
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<td>55.5</td>
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<tr>
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<td>From Contracting</td>
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*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**: Beef (2); Construction Subcontractors; Copper Based Materials; Electrical Components (29); Fuel (4); Gasoline (5); Heating, Ventilation and Air Conditioning (HVAC) Equipment; Labor (31); Labor — Skilled (5); Lumber*; Maintenance, Repair and Operating (MRO) Supplies; Oriented Strand Board (OSB); and Wood Pallets (2).
- **Commodities Down in Price**: Beef (2); Construction Subcontractors; Copper Based Materials; Electrical Components (29); Fuel (4); Gasoline (5); Heating, Ventilation and Air Conditioning (HVAC) Equipment; Labor (31); Labor — Skilled (5); Lumber*; Maintenance, Repair and Operating (MRO) Supplies; Oriented Strand Board (OSB); and Wood Pallets (2).

Economic activity in the services sector expanded in June for the sixth consecutive month as the Services PMI® registered 53.9 percent, say the nation’s purchasing and supply executives in the latest Services ISM® Report On Business®.

The Business Activity Index registered 59.2 percent, a 7.7-percentage point increase compared to the reading of 51.5 percent in May. The New Orders Index expanded in June for the sixth consecutive month after contracting in December for the first time since May 2020; the figure of 55.5 percent is 2.6 percentage points higher than the May reading of 52.9 percent. The Prices Index was down 2.1 percentage points in June, to 54.1 percent. The Inventories Index expanded in June for the second consecutive month, after one month of contraction preceded by two months of growth and eight months of contraction from June 2022 to January 2023; the reading of 55.9 percent is down 2.4 percentage points from May’s figure of 58.3 percent.

The 15 services industries reporting growth in June — listed in order — are: Accommodation & Food Services; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Public Administration; Educational Services; Management of Companies & Support Services; Transportation & Warehousing; Wholesale Trade; Other Services; Utilities; Professional, Scientific & Technical Services; Construction; Finance & Insurance; Retail Trade; and Health Care & Social Assistance.

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. *Indicates both up and down in price.
ISM’s Business Activity Index registered 59.2 percent. The 15 industries reporting an increase in business activity for the month of June — listed in order — are: Accommodation & Food Services; Arts, Entertainment & Recreation; Finance & Insurance; Real Estate, Rental & Leasing; Educational Services; Wholesale Trade; Transportation & Warehousing; Public Administration; Other Services; Utilities; Information; Health Care & Social Assistance; Professional, Scientific & Technical Services; Retail Trade; and Construction.

ISM’s New Orders Index registered 55.5 percent. The 13 industries reporting an increase in new orders for the month of June — listed in order — are: Accommodation & Food Services; Arts, Entertainment & Recreation; Educational Services; Public Administration; Wholesale Trade; Transportation & Warehousing; Management of Companies & Support Services; Finance & Insurance; Other Services; Construction; Professional, Scientific & Technical Services; Health Care & Social Assistance; and Utilities.

Employment activity in the services sector grew in June, with the index registering 53.1 percent, after contracting in May and three consecutive months of growth prior to that. The nine industries reporting an increase in employment in June — listed in order — are: Accommodation & Food Services; Real Estate, Rental & Leasing; Retail Trade; Arts, Entertainment & Recreation; Transportation & Warehousing; Professional, Scientific & Technical Services; Public Administration; Construction; and Utilities.

The Supplier Deliveries Index registered 47.6 percent. The three industries reporting slower deliveries in June are: Management of Companies & Support Services; Utilities; and Educational Services.

The Inventories Index grew in June for the second consecutive month registering 55.9 percent. The nine industries reporting an increase in inventories in June — listed in order — are: Mining; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Construction; Transportation & Warehousing; Utilities; Educational Services; Management of Companies & Support Services; 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 June for the 73rd consecutive month, with the index registering 54.1 percent. Twelve services industries reported an increase in prices paid during the month of June, in the following order: Public Administration; Finance & Insurance; Construction; Arts, Entertainment & Recreation; Management of Companies & Support Services; Health Care & Social Assistance; Utilities; Information; Other Services; Educational Services; Wholesale Trade; and Professional, Scientific & Technical Services.

Backlog of Orders

The ISM Services Backlog of Orders Index contracted in June for the fourth consecutive month after a previous stretch of 26 months of growth, registering 43.9 percent. The seven industries reporting an increase in order backlogs in June — listed in order — are: Public Administration; Management of Companies & Support Services; Retail Trade; Professional, Scientific & Technical Services; Finance & Insurance; Utilities; and Construction.

New Export Orders

The New Export Orders Index registered 61.5 percent. The seven industries reporting an increase in new export orders in June — listed in order — are: Accommodation & Food Services; Real Estate, Rental & Leasing; Construction; Management of Companies & Support Services; Information; Transportation & Warehousing; and Professional, Scientific & Technical Services.

Imports

The Imports Index registered 54.6 percent. The seven industries reporting an increase in imports for the month of June — listed in order — are: Accommodation & Food Services; Retail Trade; Management of Companies & Support Services; Construction; Information; Wholesale Trade; and Professional, Scientific & Technical Services.

Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 54 percent. The eight industries reporting sentiment that their inventories were too high in June — listed in order — are: Wholesale Trade; Arts, Entertainment & Recreation; Mining; Utilities; Information; Construction; Health Care & Social Assistance; and Agriculture, Forestry, Fishing & Hunting.

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 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.

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