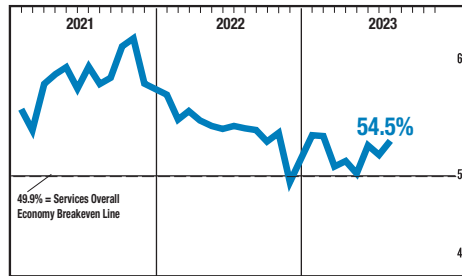


SERVICES PMI® at 54.5%

In August, the Services PMI® registered 54.5 percent, a 1.8-percentage point increase compared to the July reading of 52.7 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 August Services PMI® indicates the overall economy is growing for the eighth consecutive month after one month of contraction in December 2022.



Economic activity in the services sector expanded in August for the eighth consecutive month as the Services PMI® registered 54.5 percent, say the nation’s purchasing and supply executives in the latest Services ISM® *Report On Business*®.

The sector has grown in 38 of the last 39 months, with the lone contraction in December of last year. The Business Activity Index registered 57.3 percent, a 0.2-percentage point increase compared to the reading of 57.1 percent in July. The New Orders Index expanded in August for the eighth consecutive month after contracting in December for the first time since May 2020; the figure of 57.5 percent is 2.5 percentage points higher than the July reading of 55 percent. The Prices Index was up 2.1 percentage points in August, to 58.9 percent. The Inventories Index expanded in August for the fourth 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 57.7 percent is up 7.3 percentage points from July’s figure of 50.4 percent.

The 13 services industries reporting growth in August — listed in order — are: Real Estate, Rental & Leasing; Accommodation & Food Services; Other Services[†]; Arts, Entertainment & Recreation; Utilities; Retail Trade; Public Administration; Information; Educational Services; Construction; Finance & Insurance; Transportation & Warehousing; and Professional, Scientific & Technical Services. **ISM**

[†]**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).

Services at a Glance

INDEX	Aug Index	Jul Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	54.5	52.7	+1.8	Growing	Faster	8
Business Activity	57.3	57.1	+0.2	Growing	Faster	39
New Orders	57.5	55.0	+2.5	Growing	Faster	8
Employment	54.7	50.7	+4.0	Growing	Faster	3
Supplier Deliveries	48.5	48.1	+0.4	Faster	Slower	7
Inventories	57.7	50.4	+7.3	Growing	Faster	4
Prices	58.9	56.8	+2.1	Increasing	Faster	75
Backlog of Orders	41.8	52.1	-10.3	Contracting	From Growing	1
New Export Orders	62.1	61.1	+1.0	Growing	Faster	5
Imports	52.3	52.3	0.0	Growing	Same	3
Inventory Sentiment	61.5	56.6	+4.9	Too High	Faster	4
Overall Economy				Growing	Faster	8
Services Sector				Growing	Faster	8

*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.

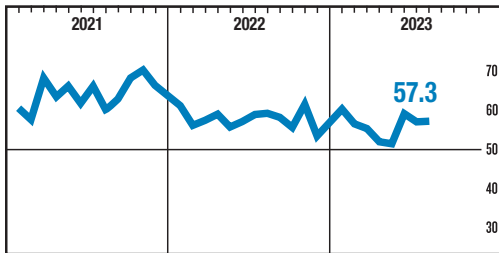
Commodities Reported

Commodities Up in Price: Bacon; Copper Wire; Diesel Fuel (2); Electrical Components (31); Food and Beverages; Fuel; Gasoline (7); Gasoline Related Products; Labor (33); Lumber (3); Office Supplies; Oriented Strand Board (OSB) (3); and Pharmaceuticals.

Commodities Down in Price: Caustic Soda; Steel Products; and Pallets.

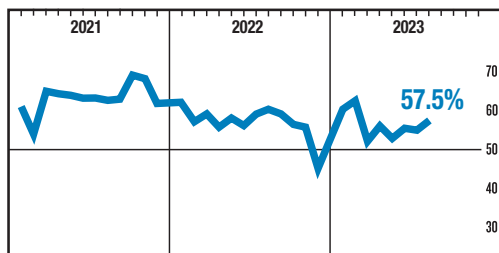
Commodities in Short Supply: Construction Contractors (4); Construction Subcontractors (3); Electrical Components (5); Engineered Wood Products; Heating, Ventilation and Air Conditioning (HVAC) Equipment; Labor (10); Sanitizer; and Transformers (12).

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.



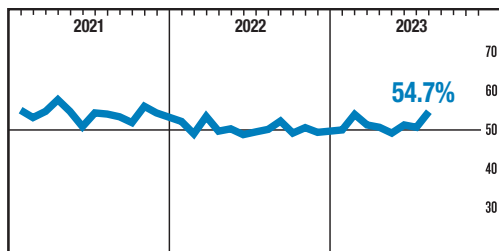
Business Activity

ISM's Business Activity Index registered 57.3 percent. The 12 industries reporting an increase in business activity for the month of August — listed in order — are: Accommodation & Food Services; Other Services[†]; Real Estate, Rental & Leasing; Information; Public Administration; Finance & Insurance; Arts, Entertainment & Recreation; Educational Services; Construction; Wholesale Trade; Utilities; and Retail Trade.



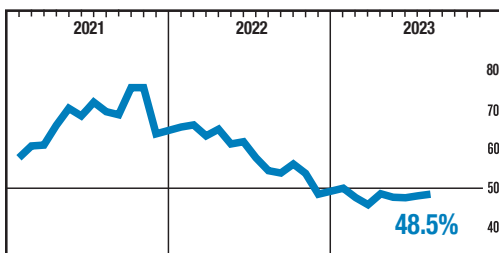
New Orders

ISM's New Orders Index registered 57.5 percent. The 12 industries reporting an increase in new orders for the month of August — listed in order — are: Accommodation & Food Services; Other Services[†]; Real Estate, Rental & Leasing; Retail Trade; Arts, Entertainment & Recreation; Educational Services; Transportation & Warehousing; Public Administration; Information; Utilities; Finance & Insurance; and Wholesale Trade.



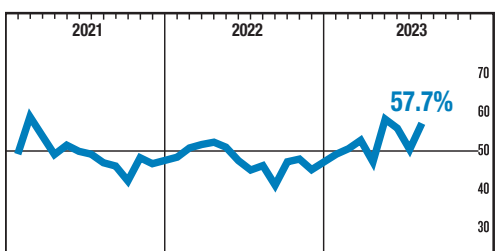
Employment

The Employment Index registered 54.7 percent. The eight industries reporting an increase in employment in August — listed in order — are: Accommodation & Food Services; Other Services[†]; Real Estate, Rental & Leasing; Utilities; Construction; Retail Trade; Professional, Scientific & Technical Services; and Transportation & Warehousing.



Supplier Deliveries

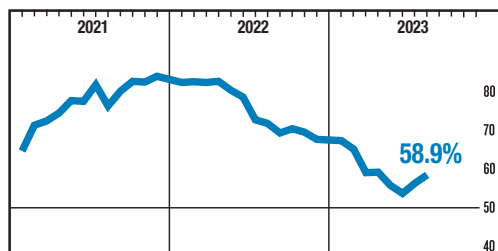
The Supplier Deliveries Index registered 48.5 percent, up 0.4 percentage point from the 48.1 percent recorded in July. The four industries reporting slower deliveries in August are: Management of Companies & Support Services; Public Administration; Professional, Scientific & Technical Services; and Information.



Inventories

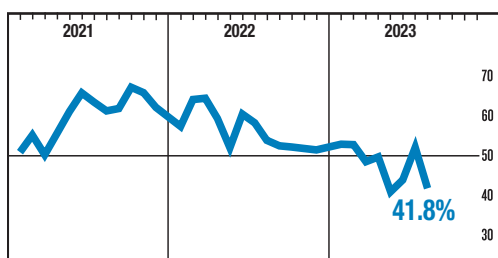
The Inventories Index registered 57.7 percent. The nine industries reporting an increase in inventories in August — listed in order — are: Real Estate, Rental & Leasing; Other Services[†]; Accommodation & Food Services; Arts, Entertainment & Recreation; Mining; Utilities; Professional, Scientific & Technical Services; Information; and Retail 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).



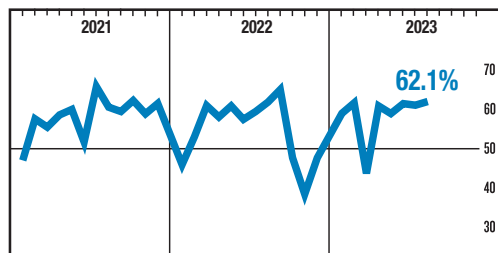
Prices

The Prices Index registered 58.9 percent. Twelve services industries reported an increase in prices paid during the month of August, in the following order: Public Administration; Other Services[‡]; Educational Services; Health Care & Social Assistance; Professional, Scientific & Technical Services; Accommodation & Food Services; Construction; Utilities; Management of Companies & Support Services; Information; Finance & Insurance; and Wholesale Trade.



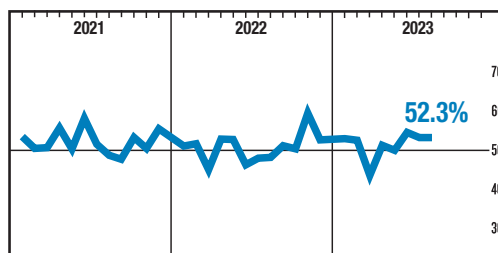
Backlog of Orders

The ISM Services Backlog of Orders Index registered 41.8 percent. The five industries reporting an increase in order backlogs in August are: Educational Services; Retail Trade; Construction; Information; and Utilities.



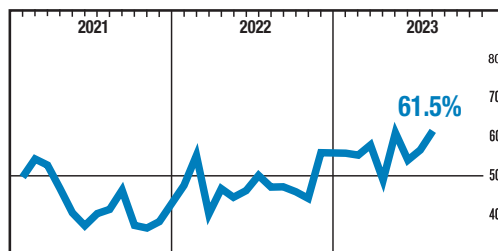
New Export Orders

The New Export Orders Index registered 62.1 percent. The eight industries reporting an increase in new export orders in August — listed in order — are: Accommodation & Food Services; Real Estate, Rental & Leasing; Construction; Information; Professional, Scientific & Technical Services; Transportation & Warehousing; Wholesale Trade; and Health Care & Social Assistance.



Imports

The Imports Index registered 52.3 percent. The seven industries reporting an increase in imports for the month of August — listed in order — are: Management of Companies & Support Services; Retail Trade; Construction; Wholesale Trade; Utilities; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 61.5 percent. The 10 industries reporting sentiment that their inventories were too high in August — listed in order — are: Real Estate, Rental & Leasing; Wholesale Trade; Arts, Entertainment & Recreation; Utilities; Construction; Mining; Health Care & Social Assistance; Retail Trade; Information; and Management of Companies & Support 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 2021 GDP (released December 22, 2022), the six largest manufacturing subsectors are: Computer & Electronic Products; Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; 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.

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Institute for Supply Management® (ISM®) is the first and leading not-for-profit professional supply management organization worldwide. Its community of more than 50,000 in more than 100 countries manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 by practitioners, 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 empowers and leads the profession through the *ISM Report On Business®*, its highly-regarded certification and training programs, corporate services, events and the ISM Supply Chain Capability Model™. The *ISM Report On Business®*, Manufacturing, Services, and Hospital, are three of the most reliable economic indicators available, providing guidance to supply management professionals, economists, analysts, and government and business leaders. For more information, please visit: www.ismworld.org.