SERVICES

PMI® at 52.7%

In November, the Services PMI® registered 52.7 percent, a 0.9-percentage point increase compared to the October reading of 51.8 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 November Services PMI® indicates the overall economy is growing for the 11th consecutive month after one month of contraction in December 2022.

Services at a Glance

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Nov Index</th>
<th>Oct Index</th>
<th>% Point Change</th>
<th>Direction</th>
<th>Rate of Change</th>
<th>Trend* (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services PMI®</td>
<td>52.7</td>
<td>51.8</td>
<td>+0.9</td>
<td>Growing</td>
<td>Faster</td>
<td>11</td>
</tr>
<tr>
<td>Business Activity</td>
<td>55.1</td>
<td>54.1</td>
<td>+1.0</td>
<td>Growing</td>
<td>Faster</td>
<td>42</td>
</tr>
<tr>
<td>New Orders</td>
<td>55.5</td>
<td>55.5</td>
<td>0.0</td>
<td>Growing</td>
<td>Same</td>
<td>11</td>
</tr>
<tr>
<td>Employment</td>
<td>50.7</td>
<td>50.2</td>
<td>+0.5</td>
<td>Growing</td>
<td>Faster</td>
<td>6</td>
</tr>
<tr>
<td>Supplier Deliveries</td>
<td>49.6</td>
<td>47.5</td>
<td>+2.1</td>
<td>Faster</td>
<td>Slower</td>
<td>2</td>
</tr>
<tr>
<td>Inventories</td>
<td>55.4</td>
<td>49.5</td>
<td>+5.9</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>Prices</td>
<td>58.3</td>
<td>58.6</td>
<td>-0.3</td>
<td>Increasing</td>
<td>Slower</td>
<td>78</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>49.1</td>
<td>50.9</td>
<td>-1.8</td>
<td>Contracting</td>
<td>From Growing</td>
<td>1</td>
</tr>
<tr>
<td>New Export Orders</td>
<td>53.6</td>
<td>48.8</td>
<td>+4.8</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>Imports</td>
<td>53.7</td>
<td>60.0</td>
<td>-6.3</td>
<td>Growing</td>
<td>Slower</td>
<td>6</td>
</tr>
<tr>
<td>Inventory Sentiment</td>
<td>62.2</td>
<td>54.4</td>
<td>+7.8</td>
<td>Too High</td>
<td>Faster</td>
<td>7</td>
</tr>
<tr>
<td>Overall Economy</td>
<td></td>
<td></td>
<td></td>
<td>Growing</td>
<td>Faster</td>
<td>11</td>
</tr>
<tr>
<td>Services Sector</td>
<td></td>
<td></td>
<td></td>
<td>Growing</td>
<td>Faster</td>
<td>11</td>
</tr>
</tbody>
</table>

*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: Electrical Components; Heating, Ventilation, and Air Conditioning (HVAC) Equipment; Labor (36); Labor — Contract (3); Labor — Construction; Labor Cost — Technical Workers; Oriented Strand Board (OSB) Panels; MRO; Personal Protective Equipment (PPE); Plumbing Supplies; and Professional Services.

Commodities Down in Price: Caustic Soda (2); Freight; Fuel (2); Gasoline; Gas Related Products; Lumber (2); Steel Products; and Soybean Oil.

Commodities in Short Supply: Building Materials; Electrical Components (8); Labor (13); Labor — Construction (3); Transformers (15); and Vehicles (3).

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.

Economic activity in the services sector expanded in November for the 11th consecutive month as the Services PMI® registered 52.7 percent, say the nation’s purchasing and supply executives in the latest Services ISM® Report On Business®.

The Business Activity Index registered 55.1 percent, a 1-percentage point increase compared to the reading of 54.1 percent in October. The New Orders Index expanded in November for the 11th consecutive month after contracting in December for the first time since May 2020; the figure of 55.5 percent equals the October reading. The Supplier Deliveries Index registered 49.6 percent, 2.1 percentage points higher than the 47.5 percent recorded in October. The index remained in contraction territory for the second consecutive month, indicating that supplier delivery performance was “faster” in contrast to the “slowing” status in September. In the last 10 months, the average reading of 48.1 percent (with a low of 45.8 in March) reflects the fastest supplier delivery performance since June 2009, when the index registered 46 percent.

The 15 services industries reporting growth in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Transportation & Warehousing; Retail Trade; Utilities; Accommodation & Food Services; Other Services®; Management of Companies & Support Services; Finance & Insurance; Public Administration; Construction; Wholesale Trade; and Educational Services. ISM®
Business Activity
ISM’s Business Activity Index registered 55.1 percent. The 11 industries reporting an increase in business activity for the month of November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Arts, Entertainment & Recreation; Finance & Insurance; Transportation & Warehousing; Real Estate, Rental & Leasing; Management of Companies & Support Services; Utilities; Retail Trade; Public Administration; and Educational Services.

New Orders
ISM’s New Orders Index registered 55.5 percent. The 11 industries reporting an increase in new orders for the month of November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Retail Trade; Transportation & Warehousing; Health Care & Social Assistance; Finance & Insurance; Public Administration; Management of Companies & Support Services; Construction; Educational Services; and Utilities.

Employment
The Employment Index registered 50.7 percent. The 10 industries reporting an increase in employment in November — listed in order — are: Arts, Entertainment & Recreation; Construction; Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Other Services; Utilities; Retail Trade; Wholesale Trade; Health Care & Social Assistance; and Professional, Scientific & Technical Services.

Supplier Deliveries
The Supplier Deliveries Index registered 49.6 percent. The six industries reporting slower deliveries in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Utilities; Transportation & Warehousing; Educational Services; and Health Care & Social Assistance.

Inventories
The Inventories Index registered 55.4 percent. The eight industries reporting an increase in inventories in November — listed in order — are: Other Services; Public Administration; Real Estate, Rental & Leasing; Retail Trade; Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Utilities; and Educational Services.
Prices
The Prices Index registered 58.3 percent. Eleven services industries reported an increase in prices paid during the month of November, in the following order: Public Administration; Arts, Entertainment & Recreation; Educational Services; Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Information; Wholesale Trade; Professional, Scientific & Technical Services; Utilities; Finance & Insurance; and Retail Trade.

Backlog of Orders
The ISM Services Backlog of Orders Index registered 49.1 percent. The four industries reporting an increase in order backlogs in November are: Finance & Insurance; Transportation & Warehousing; Utilities; and Public Administration.

New Export Orders
The New Export Orders Index registered 53.6 percent. The six industries reporting an increase in new export orders in November — listed in order — are: Educational Services; Mining; Wholesale Trade; Retail Trade; Information; and Professional, Scientific & Technical Services.

Imports
The Imports Index registered 53.7 percent. The six industries reporting an increase in imports for the month of November — listed in order — are: Retail Trade; Educational Services; Construction; Management of Companies & Support Services; Professional, Scientific & Technical Services; and Health Care & Social Assistance.

Inventory Sentiment
The ISM Services Inventory Sentiment Index registered 62.2 percent. The 11 industries reporting sentiment that their inventories were too high in November — listed in order — are: Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Mining; Other Services®; Wholesale Trade; Construction; Utilities; Educational Services; Information; Health Care & Social Assistance; and Public Administration.

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 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 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 is as follows: New Orders, Production, Employment, and Inventories; or 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 Delivers, and Inventories (seasonally adjusted). The Services PMI® is a composite index based on the diffusion indexes for four of the indexes 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 of 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 ISM ROB Data and Method of Presentation

The ISM ROB Content

The Institute for Supply Management® (ISM®)’ Report On Business® (Manufacturing, Services, and Hospital reports) (ISM ROB®) contains information, text, files, images, video, sounds, musical works, words of authorship, applications, and any other materials or content collectively, “Content” of ISM (ISM ROB Content®). ISM ROB Content is protected by copyright, trademark, trade secret, and other laws, and as between you and ISM, ISM owns and retains all rights in the ISM ROB Content. ISM hereby grants you a limited, revocable, non-transferable license to access and display on your individual device the ISM ROB Content (excluding any software code) solely for your personal, non-commercial use. The ISM ROB Content shall also contain Content of users and other ISM licensors. Except as provided herein or as explicitly allowed in writing by ISM, you shall not copy, download, stream, capture, reproduce, duplicate, archive, upload, modify, translate, publish, broadcast, transmit, retransmit, distribute, perform, display, sell, or otherwise use any ISM ROB Content.

Except as explicitly and expressly permitted by ISM, you are strictly prohibited from creating works or materials (including but not limited to tables, charts, data streams, time-series variables, fonts, icons, link buttons, wallpaper, desktop themes, online postcards, montages, mashups and similar videos, greeting cards, and unlicensed merchandise) that derive from or are based on the ISM ROB Content. This prohibition applies regardless of whether the derivative works or materials are sold, bartered, or given away. You shall not either directly or through the use of any device, software, internet site, web-based service, or other means remove, alter, bypass, avoid, interfere with, or circumvent any copyright, trademark, or other proprietary notices marked on the Content or any digital rights management mechanism, device, or other content protection or access control measure associated with the Content including geo-filtering mechanisms. Without prior written authorization from ISM, you shall not build a business utilizing the Content, whether or not for profit.

You shall not create, recreate, distribute, incorporate in other work, or advertise an index of any portion of the Content unless you receive prior written authorization from ISM. Requests for permission to reproduce or distribute ISM ROB Content can be made by contacting ISM at: ISM Research, Institute for Supply Management, 209 West Elliot Road, Suite 113, Tempe, Arizona 85284-1556, or by emailing research@ismworld.org. Subject: Content Request.

ISM shall not have any liability, duty, or obligation for or relating to the ISM ROB Content or other information contained herein, any errors, inaccuracies, omissions or delays in providing any ISM ROB Content, or for any actions taken in reliance thereon. In no event shall ISM be liable for any special, incidental, or consequential damages, arising out of the use of the ISM ROB. Report On Business®, PMI®, Manufacturing PMI®, Services PMI®, and Hospital PMI® are registered trademarks of Institute for Supply Management®. Institute for Supply Management and ISM® are registered trademarks of Institute for Supply Management, Inc.

About Institute for Supply Management

The 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 assessments. 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.