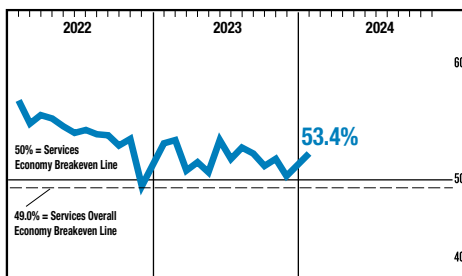


# SERVICES PMI® at 53.4%

In January, the Services PMI® registered 53.4 percent, a 2.9-percentage point increase compared to the seasonally adjusted December reading of 50.5 percent. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates it is generally contracting. The past relationship between the Services PMI® and the overall economy indicates that the Services PMI® for January (53.4 percent) corresponds to a 1.5-percent increase in real gross domestic product (GDP) on an annualized basis.



Economic activity in the services sector expanded in January for the 13th consecutive month as the Services PMI® registered 53.4 percent, say the nation’s purchasing and supply executives in the latest Services ISM® *Report On Business*®.

The Business Activity Index registered 55.8 percent in January, matching the seasonally adjusted reading of 55.8 percent in December. The New Orders Index expanded in January for the 13th consecutive month after contracting in December 2022 for the first time since May 2020; the figure of 55 percent is 2.2 percentage points higher than the seasonally adjusted December reading of 52.8 percent. The Supplier Deliveries Index registered 52.4 percent, 2.9 percentage points above the 49.5 percent recorded in December. The index returned to expansion — indicating that supplier delivery performance was slower — after three consecutive months in contraction (or “faster”) territory. In the last 12 months, the average reading of 48.6 percent (with a low of 45.8 in March) reflects the fastest supplier delivery performance since December 2022, when the index registered 48.5 percent.

The 10 services industries reporting growth in January — listed in order — are: Health Care & Social Assistance; Agriculture, Forestry, Fishing & Hunting; Professional, Scientific & Technical Services; Public Administration; Utilities; Accommodation & Food Services; Construction; Other Services\*; Educational Services; and Management of Companies & Support 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	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	53.4	50.5	+2.9	Growing	Faster	13
Business Activity	55.8	55.8	0.0	Growing	Same	44
New Orders	55.0	52.8	+2.2	Growing	Faster	13
Employment	50.5	43.8	+6.7	Growing	From Contracting	1
Supplier Deliveries	52.4	49.5	+2.9	Slowing	From Faster	1
Inventories	49.1	49.6	-0.5	Contracting	Faster	2
Prices	64.0	56.7	+7.3	Increasing	Faster	80
Backlog of Orders	51.4	49.4	+2.0	Growing	From Contracting	1
New Export Orders	56.1	50.4	+5.7	Growing	Faster	3
Imports	59.9	49.3	+10.6	Growing	From Contracting	1
Inventory Sentiment	59.3	55.3	+4.0	Too High	Faster	9
<b>Overall Economy</b>				<b>Growing</b>	<b>Faster</b>	<b>13</b>
<b>Services Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>13</b>

\*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. Indexes reflect newly released seasonal adjustment factors.

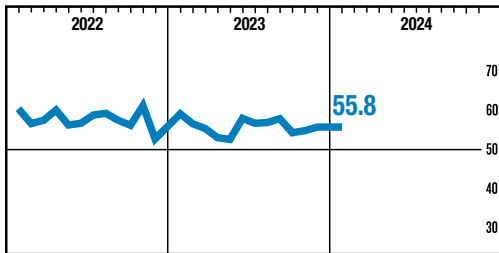
## Commodities Reported

**Commodities Up in Price:** Beef Products; Construction Contractors; Electrical Components (3); Food and Catering (2); Labor (38); Labor — Contract (5); Labor — Skilled; Maintenance Contracts; Maintenance, Repair and Operations (MRO) Supplies; Office Equipment; Polyvinyl Chloride (PVC) Components; Power Tools; Software Maintenance and Support (2); Specialty Chemicals; and Steel Products (2).

**Commodities Down in Price:** Copper Products; Diesel Fuel (2); Gasoline (3); Gloves; and Soybean Products.

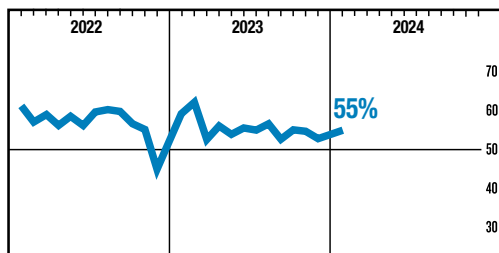
**Commodities in Short Supply:** Appliances; Construction Contractors; Electrical Components; IV Products (2); Switch Gear; Transformers (17); and Vehicles (5).

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.



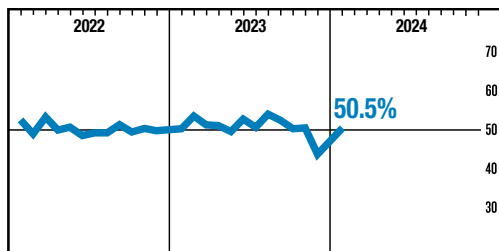
## Business Activity

ISM's Business Activity Index registered 55.8 percent. The 10 industries reporting an increase in business activity for the month of January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Utilities; Management of Companies & Support Services; Public Administration; Professional, Scientific & Technical Services; Wholesale Trade; Finance & Insurance; Educational Services; and Transportation & Warehousing.



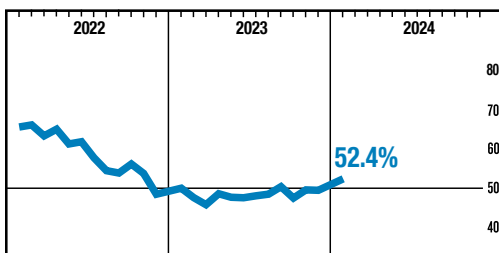
## New Orders

ISM's New Orders Index registered 55 percent. The eight industries reporting an increase in new orders for the month of January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Professional, Scientific & Technical Services; Health Care & Social Assistance; Utilities; Educational Services; Public Administration; Wholesale Trade; and Finance & Insurance.



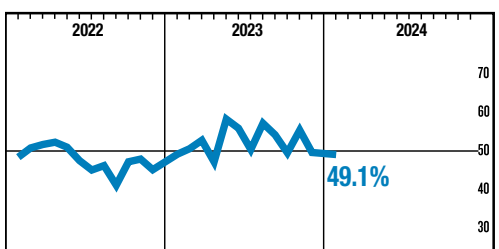
## Employment

The Employment Index registered 50.5 percent. The three industries reporting an increase in employment in January are: Construction; Accommodation & Food Services; and Public Administration.



## Supplier Deliveries

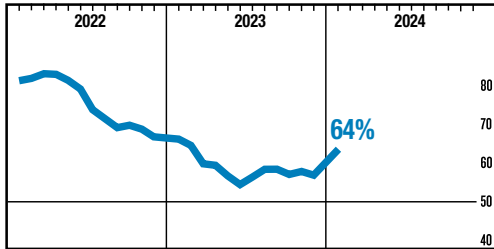
The Supplier Deliveries Index registered 52.4 percent. The nine industries reporting slower deliveries in January — listed in order — are: Health Care & Social Assistance; Arts, Entertainment & Recreation; Other Services<sup>\*\*</sup>; Real Estate, Rental & Leasing; Retail Trade; Professional, Scientific & Technical Services; Transportation & Warehousing; Educational Services; and Utilities.



## Inventories

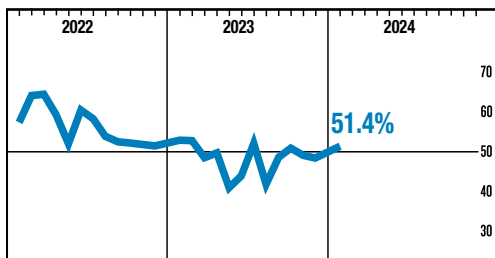
The Inventories Index registered 49.1 percent. The eight industries reporting an increase in inventories in January — listed in order — are: Accommodation & Food Services; Educational Services; Other Services<sup>\*\*</sup>; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Transportation & Warehousing; Utilities; and Professional, Scientific & Technical Services.

<sup>\*\*</sup>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).



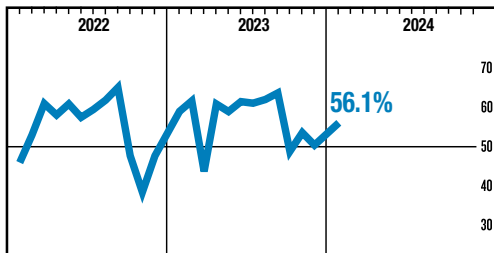
## Prices

The Prices Index registered 64 percent. Fifteen services industries reported an increase in prices paid during the month of January, in the following order: Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Construction; Other Services<sup>†\*</sup>; Educational Services; Health Care & Social Assistance; Wholesale Trade; Public Administration; Professional, Scientific & Technical Services; Retail Trade; Finance & Insurance; Management of Companies & Support Services; Utilities; Information; and Transportation & Warehousing.



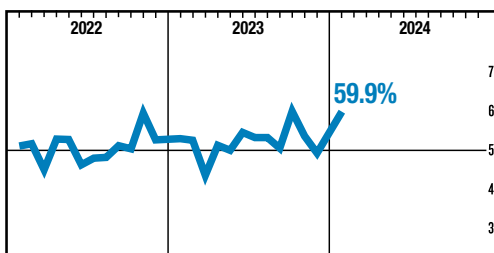
## Backlog of Orders

The ISM Services Backlog of Orders Index registered 51.4 percent. The seven industries reporting an increase in order backlogs in January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Retail Trade; Health Care & Social Assistance; Utilities; and Educational Services.



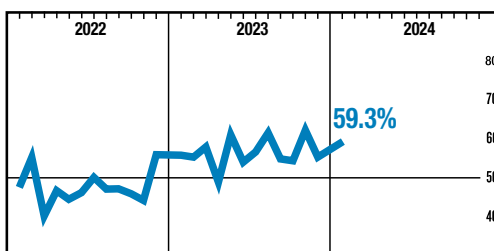
## New Export Orders

The New Export Orders Index registered 56.1 percent. The five industries reporting an increase in new export orders in January are: Real Estate, Rental & Leasing; Information; Retail Trade; Professional, Scientific & Technical Services; and Wholesale Trade.



## Imports

The Imports Index expanded substantially in January, registering 59.9 percent. The seven industries reporting an increase in imports for the month of January, in order, are: Real Estate, Rental & Leasing; Retail Trade; Construction; Utilities; Management of Companies & Support Services; Information; and Health Care & Social Assistance.



## Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 59.3 percent. The 13 industries reporting sentiment that their inventories were too high in January — listed in order — are: Arts, Entertainment & Recreation; Mining; Other Services<sup>†\*</sup>; Real Estate, Rental & Leasing; Wholesale Trade; Utilities; Agriculture, Forestry, Fishing & Hunting; Construction; Retail Trade; Health Care & Social Assistance; Transportation & Warehousing; Information; and Management of Companies & Support Services.

<sup>†\*</sup>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 industries' 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 BEA estimates (the average of the fourth quarter 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; and Fabricated Metal 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 industries' 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 BEA estimates (the average of the fourth quarter 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), the six largest services sectors are: Real Estate, Rental & Leasing; Public Administration; 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 42.5 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.5 percent, it is generally declining.

The distance from 50 percent or 42.5 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 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 49 percent, it is generally declining. The distance from 50 percent or 49 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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