In July, the Services PMI® registered 51.4 percent, a 2.6-percentage point increase compared to the June reading of 48.8 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 percent, over time, generally indicates an expansion of the overall economy. Therefore, the July Services PMI® indicates the overall economy is expanding after contracting in June.

### Services at a Glance

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<th>INDEX</th>
<th>Jul Index</th>
<th>Jun Index</th>
<th>% Point Change</th>
<th>Direction</th>
<th>Rate of Change</th>
<th>Trend* (months)</th>
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</thead>
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<tr>
<td>Services PMI®</td>
<td>51.4</td>
<td>48.8</td>
<td>+2.6</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>Business Activity</td>
<td>54.5</td>
<td>49.6</td>
<td>+4.9</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>New Orders</td>
<td>52.4</td>
<td>47.3</td>
<td>+5.1</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>Employment</td>
<td>51.1</td>
<td>46.1</td>
<td>+5.0</td>
<td>Growing</td>
<td>From Contracting</td>
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</tr>
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<td>Supplier Deliveries</td>
<td>47.6</td>
<td>52.2</td>
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<td>Faster</td>
<td>From Slowing</td>
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<tr>
<td>Inventories</td>
<td>49.8</td>
<td>42.9</td>
<td>+6.9</td>
<td>Contracting</td>
<td>Slower</td>
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</tr>
<tr>
<td>Prices</td>
<td>57.0</td>
<td>56.3</td>
<td>+0.7</td>
<td>Increasing</td>
<td>Faster</td>
<td>86</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>50.6</td>
<td>44.0</td>
<td>+6.6</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>New Export Orders</td>
<td>58.5</td>
<td>51.7</td>
<td>+6.8</td>
<td>Growing</td>
<td>Faster</td>
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</tr>
<tr>
<td>Imports</td>
<td>53.3</td>
<td>44.0</td>
<td>+9.3</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>Inventory Sentiment</td>
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<td>64.1</td>
<td>-0.9</td>
<td>Too High</td>
<td>Slower</td>
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<tr>
<td>Overall Economy</td>
<td></td>
<td></td>
<td></td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</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:** Aluminum (3); Construction Contractors (7); Beef; Food; FUEL; Labor (44); Labor — Construction; Labor — Contract; Labor — Technical (3); Natural Gas Products; Office Supplies; and Vehicles.

**Commodities Down in Price:** Copper; Lumber (3); and Steel Products (3)

**Commodities in Short Supply:** Construction Contractors; Construction Subcontractors; Electrical Components; Electrical Equipment (2); Labor (6); Syringes (3); and Transformers (2).

Economic activity in the services sector expanded in July, a trend that has only been interrupted three times since early in the pandemic — two of which were in the last four months — say the nation’s purchasing and supply executives in the latest Services ISM® Report On Business®.

The Services PMI® registered 51.4 percent, indicating sector expansion for the 47th time in 50 months. The Business Activity Index registered 54.5 percent in July, which is 4.9 percentage points higher than the 49.6 percent recorded in June and a return to expansion after one month of contraction. The New Orders Index expanded to 52.4 percent in July, 5.1 percentage points higher than June’s reading of 47.3 percent, but the index still at its fourth lowest level since early in the coronavirus pandemic. The Employment Index expanded for the second time in 2024; the reading of 51.1 percent is a 5-percentage point increase compared to the 46.1 percent recorded in June. The Prices Index registered 57 percent in July, a 0.7-percent point increase from June’s reading of 56.3 percent. The Inventories Index contracted for the second consecutive month in July, registering 49.8 percent, an increase of 6.9 percentage points from June’s figure of 42.9 percent.

The 10 services industries reporting growth in July — listed in order — are: Arts, Entertainment & Recreation; Accommodation & Food Services; Mining; Construction; Management of Companies & Support Services; Transportation & Warehousing; Public Administration; Finance & Insurance; Health Care & Social Assistance; and Utilities. ISM

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**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 54.5 percent. The 11 industries reporting an increase in business activity for the month of July — listed in order — are: Arts, Entertainment & Recreation; Accommodation & Food Services; Construction; Management of Companies & Support Services; Finance & Insurance; Information; Public Administration; Transportation & Warehousing; Educational Services; Utilities; and Health Care & Social Assistance.

Employment
The Employment Index registered 51.1 percent. The eight industries reporting an increase in employment in July — listed in order — are: Mining; Accommodation & Food Services; Construction; Transportation & Warehousing; Wholesale Trade; Management of Companies & Support Services; Health Care & Social Assistance; and Public Administration.

Supplier Deliveries
The Supplier Deliveries index registered 47.6 percent. The six industries reporting slower deliveries in July — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Retail Trade; Transportation & Warehousing; Health Care & Social Assistance; and Educational Services.

Inventories
The Inventories Index registered 49.8 percent. The seven industries reporting an increase in inventories in July — in the following order — are: Retail Trade; Accommodation & Food Services; Transportation & Warehousing; Educational Services; Construction; Wholesale Trade; and Health Care & Social Assistance.
Prices
The Prices Index registered 57 percent. Eleven services industries reported an increase in prices paid during the month of July, in the following order: Public Administration; Accommodation & Food Services; Finance & Insurance; Educational Services; Health Care & Social Assistance; Information; Wholesale Trade; Management of Companies & Support Services; Professional, Scientific & Technical Services; Retail Trade; and Utilities.

Backlog of Orders
The ISM Services Backlog of Orders Index registered 50.6 percent. The eight industries reporting an increase in order backlogs in July — in the following order — are: Arts, Entertainment & Recreation; Educational Services; Management of Companies & Support Services; Transportation & Warehousing; Finance & Insurance; Public Administration; Information; and Retail Trade.

New Export Orders
The New Export Orders Index registered 58.5 percent. The eight industries reporting an increase in new export orders in July — in the following order — are: Real Estate, Rental & Leasing; Mining; Wholesale Trade; Management of Companies & Support Services; Utilities; Transportation & Warehousing; Health Care & Social Assistance; and Professional, Scientific & Technical Services.

Imports
The Imports Index registered 53.3 percent. The six industries reporting an increase in imports for the month of July — in the following order — are: Real Estate, Rental & Leasing; Management of Companies & Support Services; Transportation & Warehousing; Professional, Scientific & Technical Services; Utilities; and Wholesale Trade.

Inventory Sentiment
The ISM Services Inventory Sentiment Index registered 63.2 percent. The 11 industries reporting sentiment that their inventories were too high in July — listed in order — are: Mining; Real Estate, Rental & Leasing; Other Services\(^5\); Retail Trade; Utilities; Wholesale Trade; Construction; Agriculture, Forestry, Fishing & Hunting; Information; Health Care & Social Assistance; and Professional, Scientific & Technical Services.

\(^5\)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 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.

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