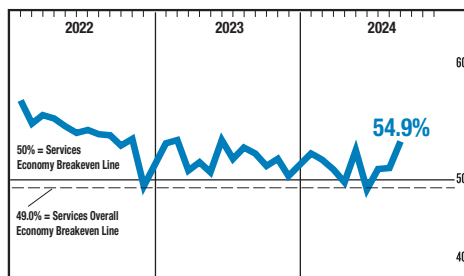


SERVICES PMI® at 54.9%

In September, the Services PMI® registered 54.9 percent, a 3.4-percentage point increase compared to the August reading of 51.5 percent. This is the index's highest level since a figure of 55 percent in February 2023. 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 September Services PMI® indicates the overall economy is expanding for the third straight month.



Economic activity in the services sector expanded for the third consecutive month in September, say the nation's purchasing and supply executives in the latest Services ISM® Report On Business®.

The Services PMI® registered 54.9 percent, which is the highest reading since February 2023 and indicates sector expansion for the 49th time in 52 months. The Business Activity Index registered 59.9 percent in September, 6.6 percentage points higher than the 53.3 percent recorded in August, indicating a third month of expansion after a contraction in June. The New Orders Index expanded to 59.4 percent in September, 6.4 percentage points higher than August's figure of 53 percent. The Employment Index contracted for the first time in three months; the reading of 48.1 percent is a 2.1-percentage point decrease compared to the 50.2 percent recorded in August. Twelve industries reported growth in September, up two from the 10 industries reporting growth in August. The Services PMI® has expanded in 19 of the last 21 months dating back to January 2023, and the September reading is well above its average for 2024.

The 12 services industries reporting growth in September — listed in order — are: Real Estate, Rental & Leasing; Management of Companies & Support Services; Accommodation & Food Services; Mining; Public Administration; Health Care & Social Assistance; Finance & Insurance; Construction; Transportation & Warehousing; Information; Educational Services; and Utilities. **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 | Sep Index | Aug Index | % Point Change | Direction | Rate of Change | Trend* (months) |
|------------------------|-----------|-----------|----------------|----------------|----------------|-----------------|
| Services PMI® | 54.9 | 51.5 | +3.4 | Growing | Faster | 3 |
| Business Activity | 59.9 | 53.3 | +6.6 | Growing | Faster | 3 |
| New Orders | 59.4 | 53.0 | +6.4 | Growing | Faster | 3 |
| Employment | 48.1 | 50.2 | -2.1 | Contracting | From Growing | 1 |
| Supplier Deliveries | 52.1 | 49.6 | +2.5 | Slowing | From Faster | 1 |
| Inventories | 58.1 | 52.9 | +5.2 | Growing | Faster | 2 |
| Prices | 59.4 | 57.3 | +2.1 | Increasing | Faster | 88 |
| Backlog of Orders | 48.3 | 43.7 | +4.6 | Contracting | Slower | 2 |
| New Export Orders | 56.7 | 50.9 | +5.8 | Growing | Faster | 5 |
| Imports | 52.7 | 50.3 | +2.4 | Growing | Faster | 3 |
| Inventory Sentiment | 54.0 | 54.9 | -0.9 | Too High | Slower | 17 |
| Overall Economy | | | | Growing | Faster | 3 |
| Services Sector | | | | Growing | Faster | 3 |

*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

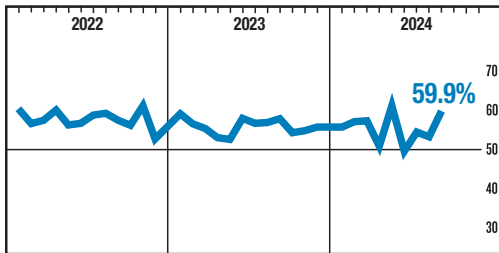
Commodities Up in Price: Heating, Ventilation and Air Conditioning (HVAC) Equipment; Labor (46); Lumber*; and Lumber — Softwood (2).

Commodities Down in Price: Fuel; Lumber*; Office Supplies; and Steel Products (5).

Commodities in Short Supply: Appliances (2); Electrical Equipment (4); Labor; Labor — Construction (2); and Transformers (4).

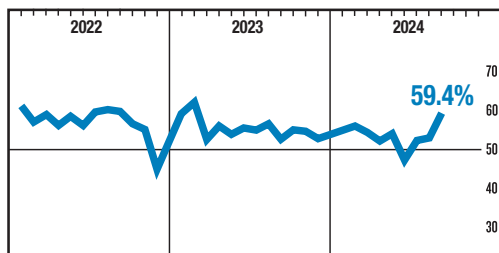
Note: To view the full report, visit the ISM® Report On Business® website at ismrob.org

The number of consecutive months the commodity has been listed is indicated after each item. *Indicates both up and down in price.



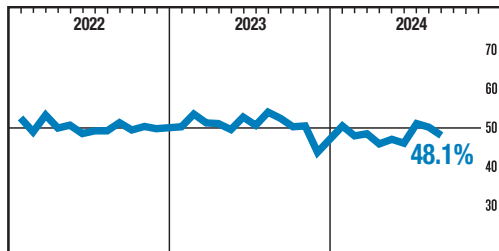
Business Activity

ISM's Business Activity Index registered 59.9 percent. The 12 industries reporting an increase in business activity for the month of September — listed in order — are: Real Estate, Rental & Leasing; Management of Companies & Support Services; Construction; Public Administration; Accommodation & Food Services; Educational Services; Finance & Insurance; Transportation & Warehousing; Health Care & Social Assistance; Information; Utilities; and Professional, Scientific & Technical Services.



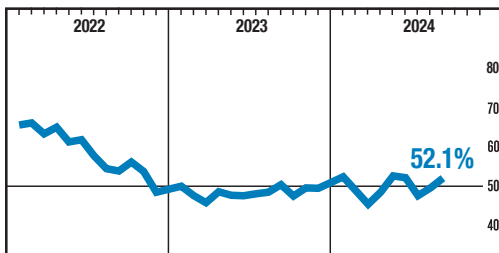
New Orders

ISM's New Orders Index registered 59.4 percent. The 11 industries reporting an increase in new orders for the month of September — listed in order — are: Real Estate, Rental & Leasing; Management of Companies & Support Services; Public Administration; Accommodation & Food Services; Educational Services; Finance & Insurance; Retail Trade; Information; Health Care & Social Assistance; Transportation & Warehousing; and Construction.



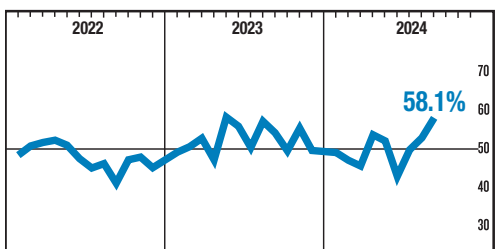
Employment

The Employment Index registered 48.1 percent. The six industries reporting an increase in employment in September — listed in order — are: Mining; Construction; Utilities; Health Care & Social Assistance; Management of Companies & Support Services; and Transportation & Warehousing.



Supplier Deliveries

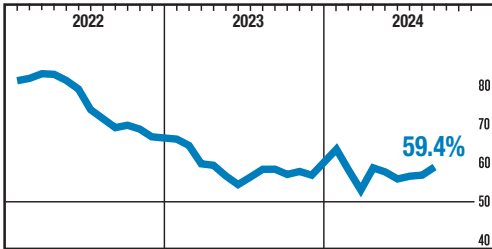
The Supplier Deliveries Index registered 52.1 percent. The five industries reporting slower deliveries in September are: Real Estate, Rental & Leasing; Other Services^{**}; Public Administration; Information; and Health Care & Social Assistance.



Inventories

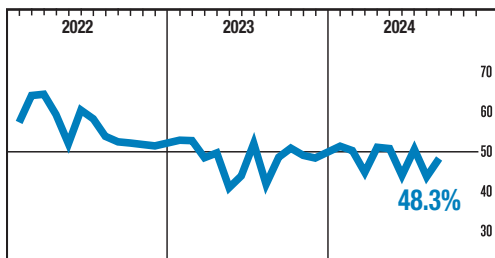
The Inventories Index registered 58.1 percent. The 10 industries reporting an increase in inventories in September — in the following order — are: Real Estate, Rental & Leasing; Educational Services; Professional, Scientific & Technical Services; Retail Trade; Transportation & Warehousing; Construction; Information; Health Care & Social Assistance; Utilities; and Wholesale 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).



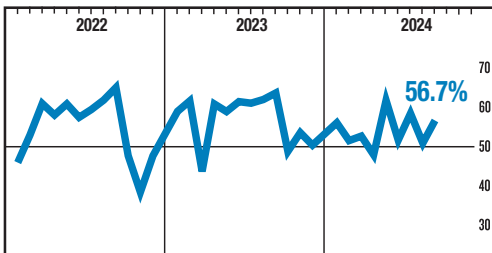
Prices

The Prices Index registered 59.4 percent. Twelve services industries reported an increase in prices paid during the month of September, in the following order: Real Estate, Rental & Leasing; Finance & Insurance; Public Administration; Accommodation & Food Services; Other Services^{†*}; Retail Trade; Utilities; Health Care & Social Assistance; Educational Services; Management of Companies & Support Services; Construction; and Information.



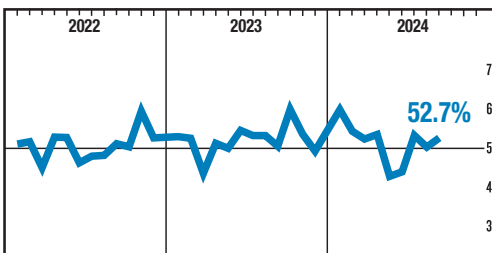
Backlog of Orders

The ISM Services Backlog of Orders Index registered 48.3 percent. The five industries reporting an increase in order backlogs in September are: Other Services^{†*}; Educational Services; Public Administration; Professional, Scientific & Technical Services; and Finance & Insurance.



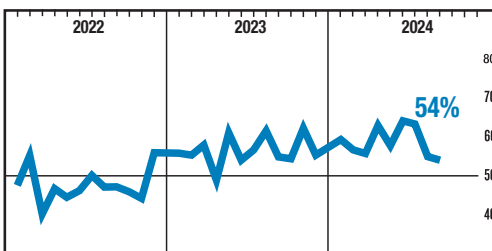
New Export Orders

The New Export Orders Index registered 56.7 percent. The seven industries reporting an increase in new export orders in September — in the following order — are: Construction; Retail Trade; Agriculture, Forestry, Fishing & Hunting; Educational Services; Management of Companies & Support Services; Information; and Wholesale Trade.



Imports

The Imports Index registered 52.7 percent. The six industries reporting an increase in imports for the month of September — in the following order — are: Educational Services; Accommodation & Food Services; Retail Trade; Management of Companies & Support Services; Information; and Utilities.



Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 54 percent. The eight industries reporting sentiment that their inventories were too high in September — listed in order — are: Wholesale Trade; Mining; Retail Trade; Utilities; Other Services^{†*}; Construction; Health Care & Social Assistance; 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).

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 Panel 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 Panel (formerly Non-Manufacturing Business Survey Panel) is diversified by NAICS-based industries' contribution to gross domestic product (GDP). The Services Business Survey Panel 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 Panel 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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