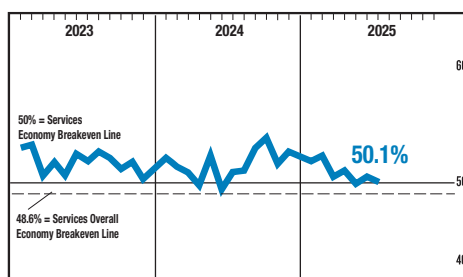


SERVICES PMI® at 50.1%

In July, the Services PMI® registered 50.1 percent, a 0.7-percentage point decrease compared to the June reading of 50.8 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 July (50.1 percent) corresponds to a 0.5-percentage point increase in real gross domestic product (GDP) on an annualized basis.



Economic activity in the services sector grew in July for the second consecutive month, say the nation's purchasing and supply executives in the latest Services ISM® *Report On Business*®.

The Services PMI® indicated expansion at 50.1 percent, above the 50-percent breakeven point for the 12th time in the last 13 months. The Business Activity Index remained in expansion in July, registering 52.6 percent, 1.6 percentage points lower than the reading of 54.2 percent recorded in June. This index has not been in contraction territory since May 2020. The New Orders Index also remained in expansion territory in July, recording a reading of 50.3 percent, a drop of 1 percentage point from the June figure of 51.3 percent. The Employment Index was in contraction territory for the second month in a row and the fourth time in the last five months; the reading of 46.4 percent is 0.8 percentage point lower than the 47.2 percent recorded in June. The Prices Index registered 69.9 percent in July, a 2.4-percentage point increase from June's reading of 67.5 percent. The index has exceeded 60 percent for eight straight months, with July's reading the highest since October 2022 (70.7 percent).

The 11 services industries reporting growth in July — listed in order — are: Transportation & Warehousing; Wholesale Trade; Finance & Insurance; Retail Trade; Other Services*; Management of Companies & Support Services; Public Administration; Real Estate, Rental & Leasing; Information; Utilities; and Health Care & Social Assistance. **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	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	50.1	50.8	-0.7	Growing	Slower	2
Business Activity	52.6	54.2	-1.6	Growing	Slower	2
New Orders	50.3	51.3	-1.0	Growing	Slower	2
Employment	46.4	47.2	-0.8	Contracting	Faster	2
Supplier Deliveries	51.0	50.3	+0.7	Slowing	Faster	8
Inventories	51.8	52.7	-0.9	Growing	Slower	2
Prices	69.9	67.5	+2.4	Increasing	Faster	98
Backlog of Orders	44.3	42.4	+1.9	Contracting	Slower	5
New Export Orders	47.9	51.1	-3.2	Contracting	From Growing	1
Imports	45.9	51.7	-5.8	Contracting	From Growing	1
Inventory Sentiment	53.2	57.1	-3.9	Too High	Slower	27
Overall Economy				Growing	Slower	62
Services Sector				Growing	Slower	2

*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

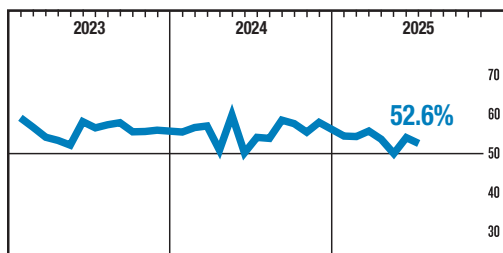
Commodities Up in Price: Aluminum (3); Aluminum Products (2); Computers and Peripherals; Copper; Lumber*; Maintenance, Repair and Operating (MRO) Supplies; Pallets; Personal Protective Equipment (PPE); Software; Software — Licensing (2); Software Maintenance; Steel (2); Steel Products (7); Transportation; and Valves.

Commodities Down in Price: Diesel Fuel (5); Eggs; Gasoline (5); Lumber* (3); and Oriented Strand Board (OSB).

Commodities in Short Supply: Labor — Skilled; and Steel Products.

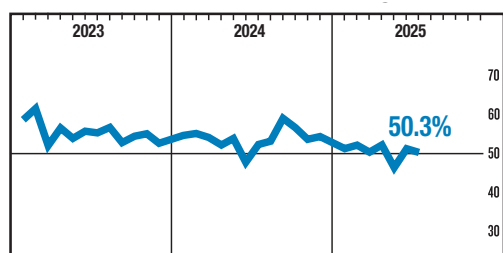
Note: To view the full report, visit the ISM® *Report On Business*® website at ismrb.org

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



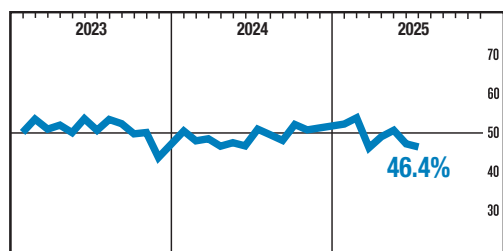
Business Activity

ISM's Business Activity Index remained in expansion territory with a reading of 52.6 percent. The nine industries reporting an increase in business activity for the month of July — listed in order — are: Wholesale Trade; Finance & Insurance; Retail Trade; Transportation & Warehousing; Public Administration; Management of Companies & Support Services; Information; Health Care & Social Assistance; and Utilities.



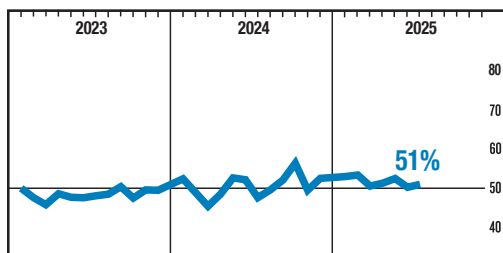
New Orders

ISM's New Orders Index registered 50.3 percent. The seven industries reporting an increase in new orders for the month of July — listed in order — are: Wholesale Trade; Transportation & Warehousing; Finance & Insurance; Public Administration; Other Services*; Management of Companies & Support Services; and Utilities.



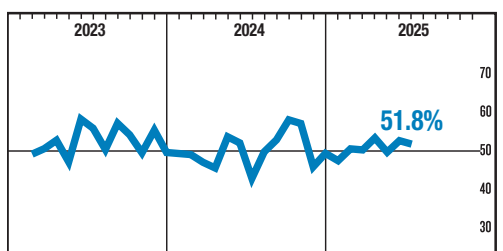
Employment

The Employment Index registered 46.4 percent. The seven industries reporting an increase in employment in July — listed in order — are: Real Estate, Rental & Leasing; Transportation & Warehousing; Retail Trade; Wholesale Trade; Utilities; Finance & Insurance; and Information.



Supplier Deliveries

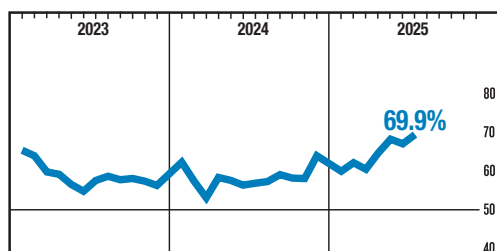
In July the Supplier Deliveries Index registered 51 percent. The seven industries reporting slower deliveries in July — in the following order — are: Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Real Estate, Rental & Leasing; Management of Companies & Support Services; Finance & Insurance; Information; and Professional, Scientific & Technical Services.



Inventories

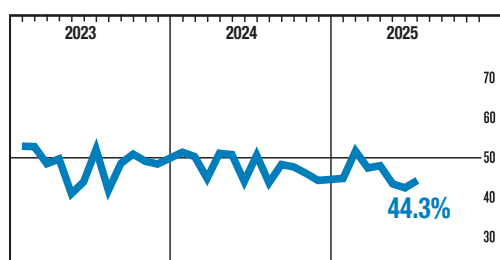
The Inventories Index registered 51.8 percent. The nine industries reporting an increase in inventories in July — in the following order — are: Accommodation & Food Services; Other Services*; Retail Trade; Wholesale Trade; Educational Services; Finance & Insurance; Professional, Scientific & Technical Services; Information; and Utilities.

*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).



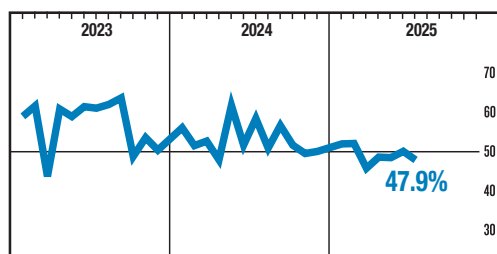
Prices

The Prices Index registered 69.9 percent. Fifteen of the 18 services industries reported an increase in prices paid during the month of July, in the following order: Wholesale Trade; Real Estate, Rental & Leasing; Information; Transportation & Warehousing; Accommodation & Food Services; Construction; Retail Trade; Mining; Public Administration; Health Care & Social Assistance; Utilities; Management of Companies & Support Services; Other Services[†]; Educational Services; and Professional, Scientific & Technical Services.



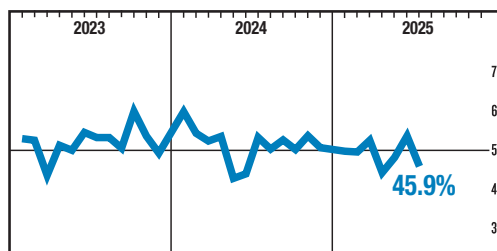
Backlog of Orders

The ISM Services Backlog of Orders Index registered 44.3 percent. The three industries reporting an increase in order backlogs in July are: Transportation & Warehousing; Wholesale Trade; and Professional, Scientific & Technical Services.



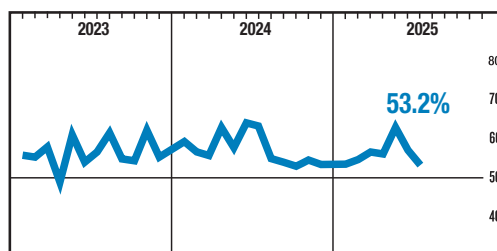
New Export Orders

The New Export Orders Index registered 47.9 percent. The two industries reporting an increase in new export orders in July are: Information; and Utilities.



Imports

The Imports Index registered 45.9 percent. The three industries reporting an increase in imports for the month of July are: Utilities; Information; and Health Care & Social Assistance.



Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 53.2 percent. The 11 industries reporting sentiment that their inventories were too high in July — listed in order — are: Mining; Retail Trade; Wholesale Trade; Construction; Other Services[†]; Utilities; Information; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; 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 2023 GDP estimate and the GDP estimates for first, second, and third quarter 2024, as released on December 19, 2024), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Computer & Electronic Products; 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 Panel (formerly Non-Manufacturing Business Survey Panel) is diversified by NAICS, based on each industry's 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 2023 GDP estimate and the GDP estimates for first, second, and third quarter 2024, as released on December 19, 2024), 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 42.3 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.3 percent, it is generally declining.

The distance from 50 percent or 42.3 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 48.6 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.6 percent, it is generally declining. The distance from 50 percent or 48.6 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.

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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 around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 by practitioners, ISM is committed to advancing the strategy and practice of integrated, end-to-end supply chain management through leading edge data-driven resources, community, and education to empower individuals, create organizational value and to drive competitive advantage. ISM's vision is to foster a prosperous, 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.