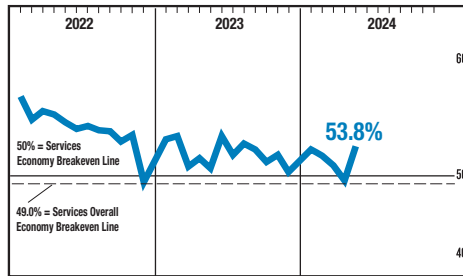


SERVICES PMI® at 53.8%

In May, the Services PMI® registered 53.8 percent, a 4.4-percentage point increase compared to the April reading of 49.4 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 May Services PMI® indicates the overall economy is growing for the 17th consecutive month.



Economic activity in the services sector grew in May after contracting in April for the first time since December 2022, say the nation's purchasing and supply executives in the latest Services ISM® Report On Business®.

The Services PMI® registered 53.8 percent, indicating sector expansion for the 46th time in 48 months. The contraction in April ended a string of 15 months of services sector growth following a composite index reading of 49 percent in December 2022; the last contraction before that was in May 2020 (45.4 percent). The Business Activity Index registered 61.2 percent in May, which is 10.3 percentage points higher than the 50.9 percent recorded in April. The New Orders Index expanded in May for the 17th consecutive month after contracting in December 2022 for the first time since May 2020; the figure of 54.1 percent is 1.9 percentage points higher than the April reading of 52.2 percent. The Employment Index contracted for the fifth time in six months, though at a slower rate in May with a reading of 47.1 percent, a 1.2-percentage point increase compared to the 45.9 percent recorded in April.

The 13 services industries reporting growth in May — listed in order — are: Real Estate, Rental & Leasing; Health Care & Social Assistance; Other Services*; Educational Services; Utilities; Wholesale Trade; Construction; Transportation & Warehousing; Public Administration; Management of Companies & Support Services; Finance & Insurance; Information; and Professional, Scientific & Technical 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 | May Index | Apr Index | % Point Change | Direction | Rate of Change | Trend* (months) |
|------------------------|-----------|-----------|----------------|----------------|-------------------------|-----------------|
| Services PMI® | 53.8 | 49.4 | +4.4 | Growing | From Contracting | 1 |
| Business Activity | 61.2 | 50.9 | +10.3 | Growing | Faster | 48 |
| New Orders | 54.1 | 52.2 | +1.9 | Growing | Faster | 17 |
| Employment | 47.1 | 45.9 | +1.2 | Contracting | Slower | 4 |
| Supplier Deliveries | 52.7 | 48.5 | +4.2 | Slowing | From Faster | 1 |
| Inventories | 52.1 | 53.7 | -1.6 | Growing | Slower | 2 |
| Prices | 58.1 | 59.2 | -1.1 | Increasing | Slower | 84 |
| Backlog of Orders | 50.8 | 51.1 | -0.3 | Growing | Slower | 2 |
| New Export Orders | 61.8 | 47.9 | +13.9 | Growing | From Contracting | 1 |
| Imports | 42.8 | 53.6 | -10.8 | Contracting | From Growing | 1 |
| Inventory Sentiment | 57.7 | 62.9 | -5.2 | Too High | Slower | 13 |
| Overall Economy | | | | Growing | Faster | 17 |
| Services Sector | | | | Growing | From Contracting | 1 |

*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

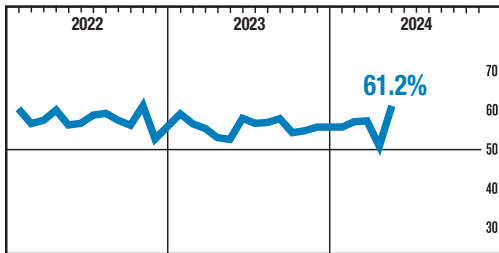
Commodities Up in Price: Aluminum; Construction Contractors (5); Copper Based Products; Copper Tubing; Copper Wire (3); Diesel Fuel (3); Food and Beverages (2); Fuel* (4); Gasoline (4); Heating, Ventilation and Air Conditioning (HVAC) Equipment (4); Labor (42); Labor — Technical; and Software.

Commodities Down in Price: Fuel*; Lumber; and Steel Products.

Commodities in Short Supply: Appliances; Construction Contractors; Labor (4); Labor — Construction; Switchgear (3); and Syringes.

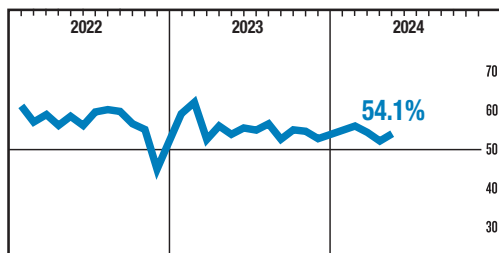
Note: To view the full report, visit the ISM® Report On Business® website at ismrob.org

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



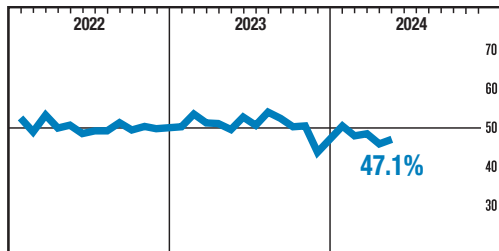
Business Activity

ISM's Business Activity Index registered 61.2 percent. The 13 industries reporting an increase in business activity for the month of May — listed in order — are: Real Estate, Rental & Leasing; Transportation & Warehousing; Other Services^{**}; Accommodation & Food Services; Health Care & Social Assistance; Management of Companies & Support Services; Educational Services; Wholesale Trade; Utilities; Construction; Public Administration; Finance & Insurance; and Professional, Scientific & Technical Services.



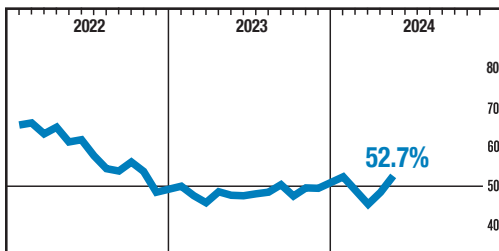
New Orders

ISM's New Orders Index registered 54.1 percent. The 10 industries reporting an increase in new orders for the month of May — listed in order — are: Other Services^{**}; Wholesale Trade; Educational Services; Utilities; Finance & Insurance; Health Care & Social Assistance; Transportation & Warehousing; Public Administration; Information; and Construction.



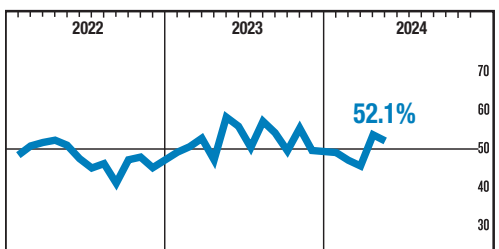
Employment

The Employment Index registered 47.1 percent. The seven industries reporting an increase in employment in May — listed in order — are: Construction; Mining; Wholesale Trade; Utilities; Health Care & Social Assistance; Public Administration; and Professional, Scientific & Technical Services.



Supplier Deliveries

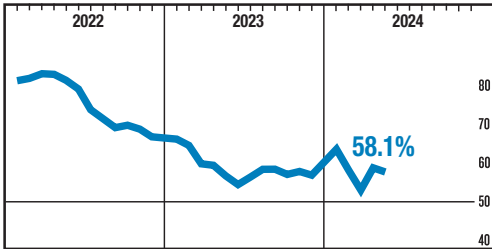
The Supplier Deliveries Index registered 52.7 percent. The four industries reporting slower deliveries in May are: Real Estate, Rental & Leasing; Health Care & Social Assistance; Educational Services; and Utilities.



Inventories

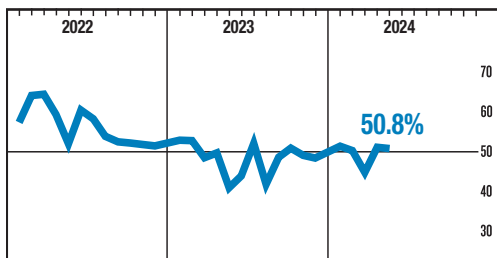
The Inventories Index registered 52.1 percent. The six industries reporting an increase in inventories in May — in the following order — are: Mining; Real Estate, Rental & Leasing; Construction; Educational Services; Transportation & Warehousing; and Wholesale Trade.

^{**}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).



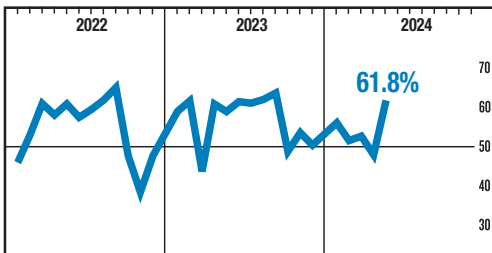
Prices

The Prices Index registered 58.1 percent. Fourteen services industries reported an increase in prices paid during the month of May, in the following order: Construction; Other Services[†]; Public Administration; Wholesale Trade; Health Care & Social Assistance; Finance & Insurance; Management of Companies & Support Services; Educational Services; Professional, Scientific & Technical Services; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Information; Retail Trade; and Utilities.



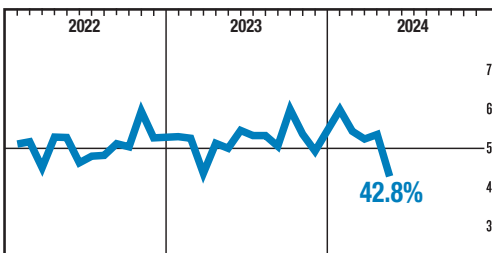
Backlog of Orders

The ISM Services Backlog of Orders Index registered 50.8 percent. The seven industries reporting an increase in order backlogs in May, in order, are: Educational Services; Real Estate, Rental & Leasing; Information; Finance & Insurance; Construction; Utilities; and Professional, Scientific & Technical Services.



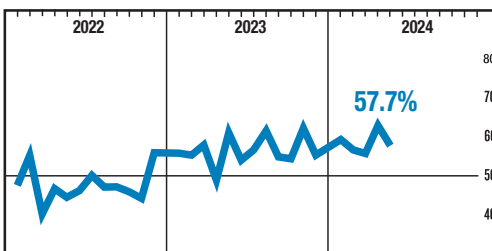
New Export Orders

The New Export Orders Index registered 61.8 percent. The seven industries reporting an increase in new export orders in May — in the following order — are: Real Estate, Rental & Leasing; Retail Trade; Other Services[†]; Finance & Insurance; Transportation & Warehousing; Wholesale Trade; and Professional, Scientific & Technical Services.



Imports

The Imports Index contracted in May, registering 42.8 percent. The three industries reporting an increase in imports for the month of May are: Accommodation & Food Services; Information; and Professional, Scientific & Technical Services.



Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 57.7 percent. The 12 industries reporting sentiment that their inventories were too high in May — listed in order — are: Real Estate, Rental & Leasing; Mining; Retail Trade; Wholesale Trade; Educational Services; Finance & Insurance; Other Services[†]; Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Utilities; Construction; and Management of Companies & Support 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 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.

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