

**Services PMI<sup>®</sup> at 59.9%**  
**January 2022 Services ISM<sup>®</sup> Report On Business<sup>®</sup>**

**Business Activity Index at 59.9%**  
**New Orders Index at 61.7%**  
**Employment Index at 52.3%**  
**Supplier Deliveries Index at 65.7%**

(Tempe, Arizona) — Economic activity in the **services sector grew in January** for the 20th month in a row — with the Services PMI<sup>®</sup> registering 59.9 percent — say the nation’s purchasing and supply executives in the latest **Services ISM<sup>®</sup> Report On Business<sup>®</sup>**.

The report was issued today by Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM, Chair of the Institute for Supply Management<sup>®</sup> (ISM<sup>®</sup>) Services Business Survey Committee: “In January, the Services PMI<sup>®</sup> registered 59.9 percent, 2.4 percentage points below December’s seasonally adjusted reading of 62.3 percent. The Business Activity Index registered 59.9 percent, a decrease of 8.4 percentage points compared to the seasonally adjusted reading of 68.3 percent in December, and the New Orders Index registered 61.7 percent, 0.4 percentage point lower than the seasonally adjusted reading of 62.1 percent reported in December.

“The Supplier Deliveries Index registered 65.7 percent, 1.8 percentage points higher than the 63.9 percent that was reported in December. (Supplier Deliveries is the only ISM<sup>®</sup> Report On Business<sup>®</sup> index that is inversed; a reading of above 50 percent indicates slower deliveries, which is typical as the economy improves and customer demand increases.)

“The Prices Index registered 82.3 percent, down 1.6 percentage points from the seasonally adjusted December figure of 83.9 percent. Services businesses continue to struggle replenishing inventories, as the Inventories Index (49.4 percent, up 2.7 percentage points from December’s reading of 46.7 percent) and the Inventory Sentiment Index (registering 47.5 percent, up a healthy 9.2 percentage points from December’s reading of 38.3 percent) remained in contraction or ‘too low’ territory in January.”

Nieves continues, “According to the Services PMI<sup>®</sup>, 15 services industries reported growth. The composite index indicated growth for the 20th consecutive month after a two-month contraction in April and May 2020. Although there was a pullback for most of the subindexes in January, the rate of growth remains strong for the services sector, which has expanded for all but two of the last 144 months. Respondents continue to be

impacted by coronavirus pandemic-related supply chain issues, including capacity constraints, demand-pull inflation, logistical challenges and labor shortages. Moreover, the COVID-19 omicron variant has disrupted operations, especially through reduced staffing levels. Despite these impediments, business activity and economic growth continue.”

## **INDUSTRY PERFORMANCE**

The 15 services industries reporting growth in January — listed in order — are: Construction; Retail Trade; Health Care & Social Assistance; Public Administration; Real Estate, Rental & Leasing; Utilities; Professional, Scientific & Technical Services; Other Services; Educational Services; Finance & Insurance; Mining; Management of Companies & Support Services; Transportation & Warehousing; Wholesale Trade; and Accommodation & Food Services. The three industries reporting a decrease in January are: Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; and Information.

## **WHAT RESPONDENTS ARE SAYING**

- “Supply constraints and outages persist. With mechanical component parts, the problems are severe. We are finding widespread depletion of field service part inventories to sustain factory production of new product orders. The inability to satisfy replacement part demand creates tremendous operational risk.” [Accommodation & Food Services]
- “Challenging operating conditions remain the same to start the new year. Our biggest service providers seem to be rebounding from labor shortages or are managing their way through them. We will be forced to upgrade some equipment that is less reliant on labor.” [Agriculture, Forestry, Fishing & Hunting]
- “Costs have escalated to what we believe are unsustainable levels. Available labor is nonexistent, so we have cut staffing and are taking on fewer projects temporarily in an attempt to reduce cost. Outsourcing where possible. We are not optimistic at this time.” [Construction]
- “Business activity is increasing, but professional labor continues to be in short supply. Virtual work is preferred by clients.” [Finance & Insurance]
- “COVID-19 inpatient stays have surged in the past 30 days; however, this past week, the numbers have trended slightly down. Supply chain disruptions continue. Hiring of clinical and nonclinical staff continues to be very difficult due to high demand. Some staff are still working remotely.” [Health Care & Social Assistance]
- “January has been tough, as product quantities intended for holiday sales are just now coming in, inventories of seasonal products are (very) high and now dormant for nine months, cash flow is down, and new orders are delayed. Omicron is keeping between 20 and 25 percent of our workforce out daily. Inflation is a concern.” [Information]
- “Downturn in business in the last month due to outbreak in COVID-19 cases.” [Other Services]

- “Blood shortages are causing issues in the emergency rooms.” [Professional, Scientific & Technical Services]
- “Business outlook remains cautiously optimistic, although uncertainty remains concerning the impact of omicron, inflation and the lack of major improvements to supply chain issues.” [Retail Trade]
- “Business activity is very high, and we have maintained a consistent amount of back orders. Labor constraints are presenting problems throughout all areas of the business.” [Utilities]
- “Constrained supplies of many key product groups continue. Inflation worsening; however, sales and profitability continue to be strong.” [Wholesale Trade]

## ISM<sup>®</sup> SERVICES SURVEY RESULTS AT A GLANCE COMPARISON OF ISM<sup>®</sup> SERVICES AND ISM<sup>®</sup> MANUFACTURING SURVEYS\* January 2022

Services PMI <sup>®</sup>	Manufacturing PMI <sup>®</sup>								
Index	Series Index Jan	Series Index Dec	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Jan	Series Index Dec	Percent Point Change
Services PMI <sup>®</sup>	59.9	62.3	-2.4	Growing	Slower	20	57.6	58.8	-1.2
Business Activity/ Production	59.9	68.3	-8.4	Growing	Slower	20	57.8	59.4	-1.6
New Orders	61.7	62.1	-0.4	Growing	Slower	20	57.9	61.0	-3.1
Employment	52.3	54.7	-2.4	Growing	Slower	7	54.5	53.9	+0.6
Supplier Deliveries	65.7	63.9	+1.8	Slowing	Faster	32	64.6	64.9	-0.3
Inventories	49.4	46.7	+2.7	Contracting	Slower	8	53.2	54.6	-1.4
Prices	82.3	83.9	-1.6	Increasing	Slower	56	76.1	68.2	+7.9
Backlog of Orders	57.4	62.3	-4.9	Growing	Slower	13	56.4	62.8	-6.4
New Export Orders	45.9	61.5	-15.6	Contracting	From	1	53.7	53.6	+0.1

<b>Services PMI®</b>	<b>Manufacturing PMI®</b>								
<b>Index</b>	<b>Series Index Jan</b>	<b>Series Index Dec</b>	<b>Percent Point Change</b>	<b>Direction</b>	<b>Rate of Change</b>	<b>Trend** (Months)</b>	<b>Series Index Jan</b>	<b>Series Index Dec</b>	<b>Percent Point Change</b>
					Growing				
<b>Imports</b>	51.1	55.5	-4.4	Growing	Slower	4	55.1	53.8	+1.3
<b>Inventory Sentiment</b>	47.5	38.3	+9.2	Too Low	Slower	10	N/A	N/A	N/A
<b>Customers' Inventories</b>	N/A	N/A	N/A	N/A	N/A	N/A	33.0	31.7	+1.3
<b>Overall Economy</b>	Growing	Slower	20						
<b>Services Sector</b>									

**Services ISM® Report On Business®** data is seasonally adjusted for the Business Activity, New Orders, Employment and Prices indexes. **Manufacturing ISM® Report On Business®** data is seasonally adjusted for New Orders, Production, Employment and Inventories indexes.

\*\*Number of months moving in current direction.

**Indexes reflect newly released seasonal adjustment factors.**

## **COMMODITIES REPORTED UP/DOWN IN PRICE AND IN SHORT SUPPLY**

### **Commodities Up in Price**

---

Aluminum Products (2); Beef; Chicken (5); Chlorine; Computers and Peripherals; Construction Contractors (7); Copper Products (2); Diesel Fuel (14); Electrical Components (12); Electronic Components (2); Food and Beverages (2); Freight (9); Fuel (13); Gasoline\* (14); Heating Fuel; Heating, Ventilation and Air Conditioning (HVAC) Equipment; Labor (14); Labor — Construction (6); Labor — Technical (3); Lumber; Metal Based Products (2); Paper — Coated Free Sheet; Paper Products (2); Personal Protective Equipment (PPE) (2); Plastic Products (6); Polyvinyl Chloride (PVC) Products (5); Steel (4); Steel — Stainless; Steel Products (13); Sulfuric Acid (2); Transformers (2); and Vehicles.

### **Commodities Down in Price**

---

Gasoline\* (2).

### **Commodities in Short Supply**

---

Appliances (2); Blades; Chips; Computers and Peripherals; Computer Equipment (6); Construction Contractors (5); Construction Subcontractors (6); COVID-19 Testing Kits; Crutches (4); Dressings; Electronic Components (2); Flexible Duct; Garage Doors; Heating, Ventilation and Air Conditioning (HVAC) Equipment; Lab Supplies; Labor (6); Labor — Technical; Labor — Full Time; Labor — Temporary (2); Needles and Syringes; Packaging (2); Paper and Plastic Bags; Personal Protective Equipment (PPE) — Masks and Gloves; Plastic Products (3); Polyvinyl Chloride (PVC) Materials; PVC Pipe and Fittings; Sanitizer; Steel Products (5); Suction Canisters (3); Syringes; Transformers; Vacutainers; and Vehicles.

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

---

## **January 2022 SERVICES INDEX SUMMARIES**

---

---

### **Services PMI<sup>®</sup>**

In January, the Services PMI<sup>®</sup> registered 59.9 percent, a 2.4-percentage point decrease compared to the seasonally adjusted December reading of 62.3 percent. The 12-month average is 62.6 percent, which reflects strong and sustained demand in the services sector. The January reading indicates the services sector grew for the 20th consecutive month after two months of contraction and 122 months of growth before that. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates the services sector is generally contracting.

A Services PMI<sup>®</sup> above 50.1 percent, over time, generally indicates an expansion of the overall economy. Therefore, the January Services PMI<sup>®</sup> indicates expansion for a 20th straight month following two months of contraction and a preceding period of 122 months of growth. Nieves says, “The past relationship between the Services PMI<sup>®</sup> and the overall economy indicates that the Services PMI<sup>®</sup> for January (59.9 percent) corresponds to a 3.5-percent increase in real gross domestic product (GDP) on an annualized basis.”

### **SERVICES PMI<sup>®</sup> HISTORY**

<b>Month</b>	<b>Services PMI<sup>®</sup></b>
<b>Jan 2022</b>	59.9
<b>Dec 2021</b>	62.3
<b>Nov 2021</b>	68.4
<b>Oct 2021</b>	66.7
<b>Sep 2021</b>	62.6
<b>Aug 2021</b>	62.2
<b>Jul 2021</b>	64.1
<b>Jun 2021</b>	60.7

Month	Services PMI®
May 2021	63.2
Apr 2021	62.7
Mar 2021	62.2
Feb 2021	55.9

Average for 12 months - 62.6  
High - 68.4  
Low - 55.9

---

### Business Activity

ISM®’s Business Activity Index registered 59.9 percent in January, a decrease of 8.4 percentage points from the seasonally adjusted reading of 68.3 percent in December, indicating growth for the 20th consecutive month. Comments from respondents include: “Increased business continues to be driven by elevated levels of COVID-19 infection rates” and “Omicron-related workforce staffing challenges and supply chain backlogs. Consumers slowing purchases as a result of increasing costs.”

The eight industries reporting an increase in business activity for the month of January — listed in order — are: Retail Trade; Health Care & Social Assistance; Construction; Public Administration; Utilities; Professional, Scientific & Technical Services; Finance & Insurance; and Management of Companies & Support Services. The seven industries reporting a decrease in business activity for the month of January — listed in order — are: Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Information; Accommodation & Food Services; Transportation & Warehousing; Real Estate, Rental & Leasing; and Educational Services.

Business Activity	% Higher	% Same	% Lower	Index
Jan 2022	31.1	48.2	20.7	59.9
Dec 2021	34.5	56.1	9.4	68.3
Nov 2021	45.6	49.3	5.1	72.5

<b>Business Activity</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
<b>Oct 2021</b>	42.5	52.3	5.2	69.4

---

## **New Orders**

ISM<sup>®</sup>'s New Orders Index registered 61.7 percent, down 0.4 percentage point from the seasonally adjusted reading of 62.1 registered in December. New orders grew for the 20th consecutive month after two months of contraction and a preceding period of 128 months of expansion. Comments from respondents include: "All sectors, excluding automotive (due to chip shortages), are accelerating quickly and placing new orders" and "New orders have been increasing, but they slowed to the same level as last month due to inflationary pricing concerns."

Ten industries reported growth of new orders in January, in the following order: Retail Trade; Construction; Public Administration; Health Care & Social Assistance; Management of Companies & Support Services; Utilities; Professional, Scientific & Technical Services; Finance & Insurance; Transportation & Warehousing; and Educational Services. The four industries reporting a decrease in new orders in January are: Arts, Entertainment & Recreation; Accommodation & Food Services; Information; and Wholesale Trade.

<b>New Orders</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
<b>Jan 2022</b>	27.9	58.6	13.5	61.7
<b>Dec 2021</b>	30.8	54.5	14.7	62.1
<b>Nov 2021</b>	39.9	56.2	3.9	68.3
<b>Oct 2021</b>	43.6	47.7	8.7	69.0

---

## **Employment**

Employment activity in the services sector grew in January for the seventh consecutive month after contracting in June 2021. ISM<sup>®</sup>'s Services Employment Index registered 52.3 percent in January, down 2.4 percentage points from the seasonally adjusted reading of 54.7 percent in December. Comments from respondents include: "Hiring in multiple departments" and "Employees are still being recruited by the private sector, away from the public sector; some (companies are) offering 100 percent remote work to entice them."



The five industries reporting an increase in employment in January are: Construction; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Accommodation & Food Services; and Wholesale Trade. The eight industries that reported a reduction in employment in January — listed in order — are: Management of Companies & Support Services; Health Care & Social Assistance; Utilities; Educational Services; Retail Trade; Finance & Insurance; Public Administration; and Transportation & Warehousing.

<b>Employment</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
<b>Jan 2022</b>	18.5	63.0	18.5	52.3
<b>Dec 2021</b>	30.1	47.9	22.0	54.7
<b>Nov 2021</b>	28.9	53.6	17.5	57.0
<b>Oct 2021</b>	25.7	52.9	21.4	52.8

## Supplier Deliveries

The Supplier Deliveries Index registered 65.7 percent, up 1.8 percentage points from the 63.9 percent registered in December. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries. Comments from respondents include: “Lack of drivers and warehouse labor” and “Delays at ports (and) labor shortages in transportation and receiving.”

The 17 industries reporting slower deliveries in January — listed in order — are: Real Estate, Rental & Leasing; Accommodation & Food Services; Transportation & Warehousing; Health Care & Social Assistance; Construction; Educational Services; Other Services; Utilities; Arts, Entertainment & Recreation; Mining; Retail Trade; Wholesale Trade; Management of Companies & Support Services; Public Administration; Finance & Insurance; Information; and Professional, Scientific & Technical Services. The only industry to report faster supplier deliveries in January is Agriculture, Forestry, Fishing & Hunting.

<b>Supplier Deliveries</b>	<b>% Slower</b>	<b>% Same</b>	<b>% Faster</b>	<b>Index</b>
<b>Jan 2022</b>	36.1	59.3	4.6	65.7
<b>Dec 2021</b>	36.4	55.0	8.6	63.9
<b>Nov 2021</b>	52.6	46.1	1.3	75.7
<b>Oct 2021</b>	52.6	46.1	1.3	75.7

---

## Inventories

The Inventories Index contracted in January for the eighth consecutive month. The reading of 49.4 percent was a 2.7-percentage point increase from the 46.7 percent reported in December. Of the total respondents in January, 38 percent indicated they do not have inventories or do not measure them. Comments from respondents include: “Lead times are getting longer, and many items are difficult to get; we must increase our inventory due to uncertain lead times and supply issues” and “Continue to build inventory due to lack of confidence in deliveries.”

The seven industries reporting an increase in inventories in January — listed in order — are: Educational Services; Wholesale Trade; Construction; Utilities; Health Care & Social Assistance; Accommodation & Food Services; and Information. The six industries reporting a decrease in inventories in January — listed in order — are: Arts, Entertainment & Recreation; Retail Trade; Other Services; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; and Public Administration.

<b>Inventories</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
<b>Jan 2022</b>	15.3	68.2	16.5	49.4
<b>Dec 2021</b>	16.7	59.9	23.4	46.7
<b>Nov 2021</b>	22.1	52.2	25.7	48.2
<b>Oct 2021</b>	19.4	45.7	34.9	42.2

---

## Prices

Prices paid by services organizations for materials and services increased in January for the 56th consecutive month, with the index registering 82.3 percent, 1.6 percentage points lower than the seasonally adjusted December reading of 83.9 percent.

All 18 services industries reported an increase in prices paid during the month of January, in the following order: Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; Construction; Management of Companies & Support Services; Accommodation & Food Services; Retail Trade; Transportation & Warehousing; Wholesale Trade; Utilities; Mining; Professional, Scientific & Technical Services; Public Administration; Finance & Insurance; Health Care & Social Assistance; Information; Real Estate, Rental & Leasing; Educational Services; and Other Services.

Prices	% Higher	% Same	% Lower	Index
Jan 2022	63.1	35.2	1.7	82.3
Dec 2021	57.4	41.1	1.5	83.9
Nov 2021	63.0	36.3	0.7	83.0
Oct 2021	66.2	32.6	1.2	83.0

**NOTE: Commodities reported as up in price and down in price are listed in the commodities section of this report.**

---

### Backlog of Orders

The ISM<sup>®</sup> Services Backlog of Orders Index grew in January for the 13th consecutive month. The index registered 57.4 percent, a 4.9-percentage point decrease compared to the previous month's reading of 62.3 percent. Of the total respondents in January, 35 percent indicated they do not measure backlog of orders. Respondent comments include: "Continued and extended lead times" and "Longer lead times on many materials impacting operations slightly, but we are working around them. If material lead times get much longer, operations will be impacted."

The 11 industries reporting an increase in order backlogs in January — listed in order — are: Management of Companies & Support Services; Health Care & Social Assistance; Real Estate, Rental & Leasing; Construction; Utilities; Educational Services; Professional, Scientific & Technical Services; Public Administration; Retail Trade; Finance & Insurance; and Wholesale Trade. The six industries that reported a decrease in backlogs in January — listed in order — are: Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Mining; Information; Other Services; and Transportation & Warehousing.

Backlog of Orders	% Higher	% Same	% Lower	Index
Jan 2022	26.7	61.5	11.8	57.4
Dec 2021	35.4	53.8	10.8	62.3
Nov 2021	38.8	54.1	7.1	65.9
Oct 2021	38.6	57.3	4.1	67.3

---

## New Export Orders

Orders and requests for services and other non-manufacturing activities to be provided outside of the U.S. by domestically based companies contracted in January for the first time in 12 months. The New Export Orders Index registered 45.9 percent, a 15.6-percentage point decrease from the 61.5 percent reported in December. Of the total respondents in January, 69 percent indicated they do not perform, or do not separately measure, orders for work outside of the U.S.

The four industries reporting an increase in new export orders in January are: Construction; Finance & Insurance; Utilities; and Wholesale Trade. The five industries reporting a decrease in new export orders in January are: Information; Retail Trade; Public Administration; Transportation & Warehousing; and Health Care & Social Assistance. Nine industries reported no change in exports orders.

<b>New Export Orders</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
<b>Jan 2022</b>	7.3	77.2	15.5	45.9
<b>Dec 2021</b>	33.5	56.1	10.4	61.5
<b>Nov 2021</b>	20.9	73.9	5.2	57.9
<b>Oct 2021</b>	27.8	69.2	3.0	62.3

---

## Imports

The Imports Index grew in January for the fourth consecutive month, as it registered 51.1 percent, down 4.4 percentage points from December's figure of 55.5 percent. Sixty-six percent of respondents reported that they do not use, or do not track the use of, imported materials.

The six industries reporting an increase in imports for the month of January — listed in order — are: Real Estate, Rental & Leasing; Finance & Insurance; Construction; Educational Services; Professional, Scientific & Technical Services; and Wholesale Trade. The five industries that reported a decrease in imports in January are: Mining; Agriculture, Forestry, Fishing & Hunting; Retail Trade; Information; and Transportation & Warehousing. Seven industries reported no change in imports in January.

<b>Imports</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
<b>Jan 2022</b>	10.5	81.1	8.4	51.1
<b>Dec 2021</b>	20.6	69.7	9.7	55.5
<b>Nov 2021</b>	8.3	84.4	7.3	50.5
<b>Oct 2021</b>	20.8	64.9	14.3	53.3

---

## **Inventory Sentiment**

The ISM<sup>®</sup> Services Inventory Sentiment Index contracted in January for the 10th consecutive month, registering 47.5 percent, a 9.2-percentage point increase from December's figure of 38.3 percent. This indicates that respondents feel their inventories are too low when correlated to business activity levels.

The eight industries reporting sentiment that their inventories were too high in January — listed in order — are: Arts, Entertainment & Recreation; Mining; Other Services; Public Administration; Educational Services; Wholesale Trade; Information; and Health Care & Social Assistance. The seven industries reporting a feeling that their inventories were too low in January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Retail Trade; Professional, Scientific & Technical Services; Real Estate, Rental & Leasing; Transportation & Warehousing; Management of Companies & Support Services; and Utilities.

<b>Inventory Sentiment</b>	<b>% Too High</b>	<b>% About Right</b>	<b>% Too Low</b>	<b>Index</b>
<b>Jan 2022</b>	18.8	57.3	23.9	47.5
<b>Dec 2021</b>	11.5	53.7	34.8	38.3
<b>Nov 2021</b>	10.0	52.7	37.3	36.4
<b>Oct 2021</b>	12.3	49.9	37.8	37.3

## 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 information compiled in this report is for the month of January 2022.

The data presented herein is obtained from a survey of supply executives in the services sector based on information they have collected within their respective organizations. ISM<sup>®</sup> 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 **Services ISM<sup>®</sup> Report On Business<sup>®</sup>** (formerly the Non-Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>) 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 on each industry's 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 the BEA estimates for 2020 GDP (released December 22, 2021), the six largest services sectors are: Real Estate, Rental & Leasing; Government; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance. Beginning in February 2020 with January 2020 data, computation of the indexes is accomplished utilizing unrounded numbers.

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries), this report shows the percentage reporting each response and the diffusion index. Responses represent raw data and are never changed. Data is seasonally adjusted for Business Activity, New Orders, Prices and Employment. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them. The remaining indexes have not indicated significant seasonality.

The Services PMI<sup>®</sup> 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. An index reading above 50 percent indicates that the services economy is generally expanding; below 50 percent indicates that it is generally declining. Supplier Deliveries is an exception. A Supplier Deliveries Index above 50 percent indicates slower deliveries and below 50 percent indicates faster deliveries.

A Services PMI<sup>®</sup> above 50.1 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 50.1 percent, it is generally declining. The distance from 50 percent or 50.1 percent is indicative of the strength of the expansion or decline.

The **Services ISM<sup>®</sup> Report On Business<sup>®</sup>** survey is sent out to Services Business Survey Committee respondents the first part of each month. Respondents are asked to ONLY report on U.S. operations for the current month. ISM<sup>®</sup> 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. ISM<sup>®</sup> then compiles the report for release on the third business day of the following month.

The industries reporting growth, as indicated in the **Services ISM<sup>®</sup> Report On Business<sup>®</sup>** monthly report, 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

The Institute for Supply Management<sup>®</sup> ("ISM") *Report On Business<sup>®</sup>* (Manufacturing, Services and Hospital reports) ("ISM ROB") contains information, text, files, images, video, sounds, musical works, works of authorship, applications, and any other materials or content (collectively, "Content") of ISM ("ISM ROB Content"). ISM ROB Content is protected by copyright, trademark, trade secret, and other laws, and as between you and ISM, ISM owns and retains all rights in the ISM ROB Content. ISM hereby grants you a limited, revocable, nonsublicensable license to access and display on your individual device the ISM ROB Content (excluding any software code) solely for your personal, non-commercial use. The ISM ROB Content shall also contain Content of users and other ISM licensors. Except as provided herein or as explicitly allowed in writing by ISM, you shall not copy, download, stream, capture, reproduce, duplicate, archive, upload, modify, translate, publish, broadcast, transmit, retransmit, distribute, perform, display, sell, or otherwise use any ISM ROB Content.

Except as explicitly and expressly permitted by ISM, you are strictly prohibited from creating works or materials (including, but not limited to: tables, charts, data streams, time series variables, fonts, icons, link buttons, wallpaper, desktop themes, online postcards, montages, mashups and

similar videos, greeting cards, and unlicensed merchandise) that derive from or are based on the ISM ROB Content. This prohibition applies regardless of whether the derivative works or materials are sold, bartered, or given away. You shall not either directly or through the use of any device, software, internet site, web-based service, or other means remove, alter, bypass, avoid, interfere with, or circumvent any copyright, trademark, or other proprietary notices marked on the Content or any digital rights management mechanism, device, or other content protection or access control measure associated with the Content including geo-filtering mechanisms. Without prior written authorization from ISM, you shall not build a business utilizing the Content, whether or not for profit.

You shall not create, recreate, distribute, incorporate in other work, or advertise an index of any portion of the Content unless you receive prior written authorization from ISM. Requests for permission to reproduce or distribute ISM ROB Content can be made by contacting in writing at: ISM Research, Institute for Supply Management, 309 W. Elliot Road, Suite 113, Tempe, AZ 85284-1556, or by emailing [kcahill@ismworld.org](mailto:kcahill@ismworld.org). Subject: Content Request.

ISM shall not have any liability, duty, or obligation for or relating to the ISM ROB Content or other information contained herein, any errors, inaccuracies, omissions or delays in providing any ISM ROB Content, or for any actions taken in reliance thereon. In no event shall ISM be liable for any special, incidental, or consequential damages, arising out of the use of the ISM ROB. *Report On Business*<sup>®</sup>, Manufacturing PMI<sup>®</sup>, Services PMI<sup>®</sup>, and Hospital PMI<sup>®</sup> are registered trademarks of Institute for Supply Management<sup>®</sup>. Institute for Supply Management<sup>®</sup> and ISM<sup>®</sup> are registered trademarks of Institute for Supply Management, Inc.

## About Institute for Supply Management<sup>®</sup>

Institute for Supply Management<sup>®</sup> (ISM<sup>®</sup>) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM *Report On Business*<sup>®</sup>, its highly regarded certification programs and the ISM Advance Digital Platform<sup>™</sup>. This report has been issued by the association since 1931, except for a four-year interruption during World War II.

The full text version of the **Services ISM<sup>®</sup> Report On Business<sup>®</sup>** is posted on ISM<sup>®</sup>'s website at [www.ismrob.org](http://www.ismrob.org) on the third business day\* of every month after 10:00 a.m. ET.

The next **Services ISM<sup>®</sup> Report On Business<sup>®</sup>** featuring February 2022 data will be released at 10:00 a.m. ET on Thursday, March 3, 2022.

\*Unless the New York Stock Exchange is closed.