

# U.S. Data Review

- ISM services: moderate easing from firm readings

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## ISM Services Index

The services index published by the Institute for Supply Management fell 3.4 percentage points in February to 55.3 percent, softer than the expectation of no change from 58.7 percent. The new level of the index was the lowest since recovery began in June, and it lagged the pre-pandemic average of 57.1 percent in January/February.

The new orders component led the retreat in the headline index, tumbling 9.9 percentage points to 51.9 percent. The latest reading still signaled growth, but it was in the low portion of the range seen in the years before the pandemic and suggestive of only modest advancement (chart, below left). With orders soft, businesses slowed the pace of activity, with this component dropping 4.4 percentage points to 55.5 percent. The employment index also eased, falling 2.5 percentage points, but the new level was still within the range of the past several months and not materially below pre-pandemic results. The supplier delivery index rose 3.0 percentage points to 60.8 percent, but the pickup most likely reflected supply-chain disruptions rather than stronger demand.

Disruptions to supply chains, and possibly firm demand in prior months, seem to have triggered price pressure, as the prices index jumped 7.6 percentage points to 71.8 percent, a reading well above other recent observations (chart, below right).

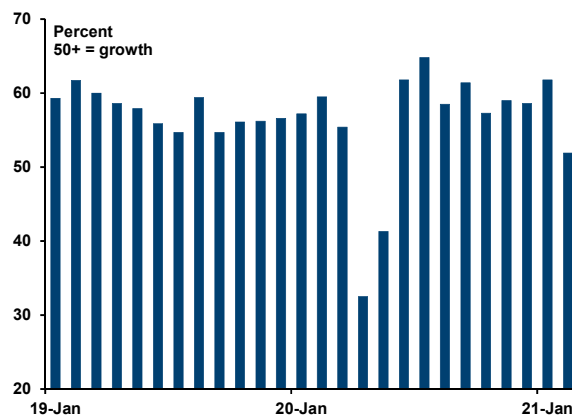
### ISM Services: Monthly Indexes

	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
<b>ISM Nonmfg. Composite</b>	56.2	56.8	57.7	58.7	55.3
<b>Business activity</b>	61.1	59.6	60.5	59.9	55.5
<b>New orders</b>	57.3	59.0	58.6	61.8	51.9
<b>Employment</b>	50.1	51.5	48.7	55.2	52.7
<b>Supplier deliveries*</b>	56.1	57.1	62.8	57.8	60.8
<b>Prices</b>	62.7	63.9	64.4	64.2	71.8

\* The supplier deliveries index is not seasonally adjusted. The index differs from the other components of the composite measure (business activity, new orders, employment) in interpretation. An index above 50 percent indicates slower deliveries and readings below 50 percent indicate faster deliveries.

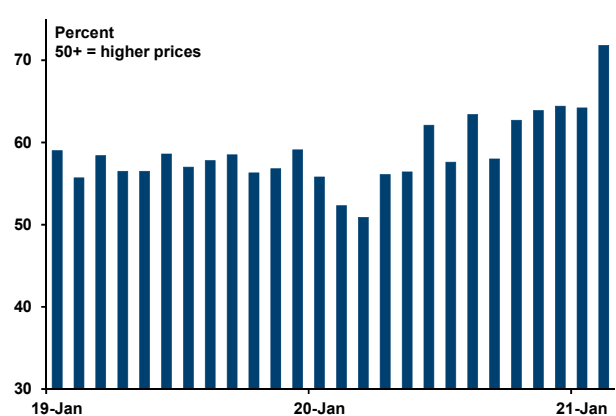
Source: Institute for Supply Management via Haver Analytics

### ISM Services: New Orders Index



Source: Institute for Supply Management via Haver Analytics

### ISM Services: Prices Index



Source: Institute for Supply Management via Haver Analytics

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