

# U.S. Data Review

- ISM services index: new record level

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## ISM Services Index

The services index published by the Institute for Supply Management rose 1.3 percentage points in May to 64.0 percent. The month-to-month change was not especially large, but it occurred from an already elevated level and was firm enough to push the measure to a new record, inching above the previous record of 63.7 percent set two months ago.

The supplier delivery component led the latest increase in the headline index with an increase of 4.3 percentage points to 70.4 percent. The new reading was the third strongest on record, exceeded only by 78.3 percent in April 2020 (driven by the onset of the pandemic) and by 71.5 percent in August 1997. The firm result for this component could be viewed as a negative for the economy, as it signals difficulties with bottlenecks and supply chains. Also, delivery problems could generate price pressure, which was evident in the price index in the report (up 3.8 percentage points to 80.6 percent, the second strongest observation on record, shy of 83.5 percent in September 2005).

Although the supplier delivery component stood out, two other components also were strong. The new orders index rose 0.7 percentage point to 63.9 percent, a reading in the upper portion of the historical range. The firm pace of orders led to an increase of 3.5 percentage points in the business activity component to 66.2 percent, the third strongest on record, exceeded only by 69.4 percent in March and 67.7 percent in January 2004.

The employment index was a bit light, as it fell 3.5 percentage points to 55.3 percent. Still, the measure was respectable, as the new reading was in the mid-portion of the historical range.

All told, another strong report.

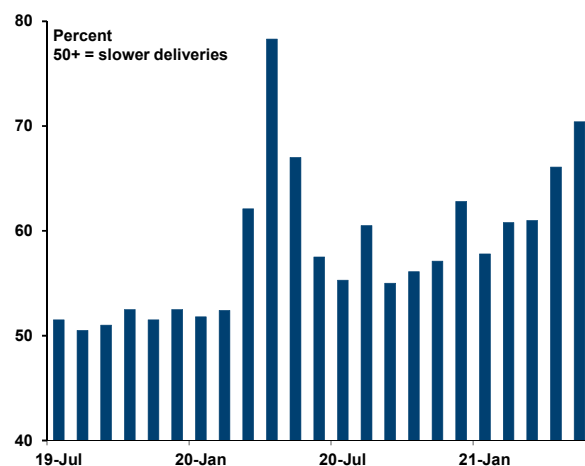
### ISM Services: Monthly Indexes

	Jan-21	Feb-21	Mar-21	Apr-21	May-21
<b>ISM Nonmfg. Composite</b>	58.7	55.3	63.7	62.7	64.0
<b>Business activity</b>	59.9	55.5	69.4	62.7	66.2
<b>New orders</b>	61.8	51.9	67.2	63.2	63.9
<b>Employment</b>	55.2	52.7	57.2	58.8	55.3
<b>Supplier deliveries*</b>	57.8	60.8	61.0	66.1	70.4
<b>Prices</b>	64.2	71.8	74.0	76.8	80.6

\* 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: Supplier Deliveries Index\*



\* An index above 50 percent indicates slower deliveries and readings below 50 percent indicate faster deliveries.

Source: Institute for Supply Management via Haver Analytics

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