

U.S. Data Review

- ISM services: indicating expansion for the tenth consecutive month; prices elevated

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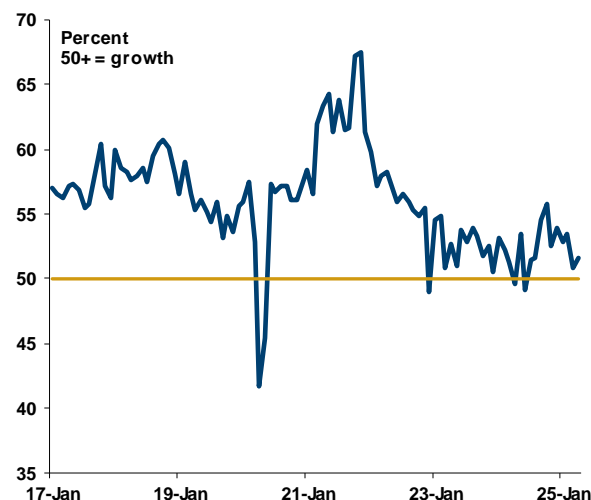
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ISM Services Index

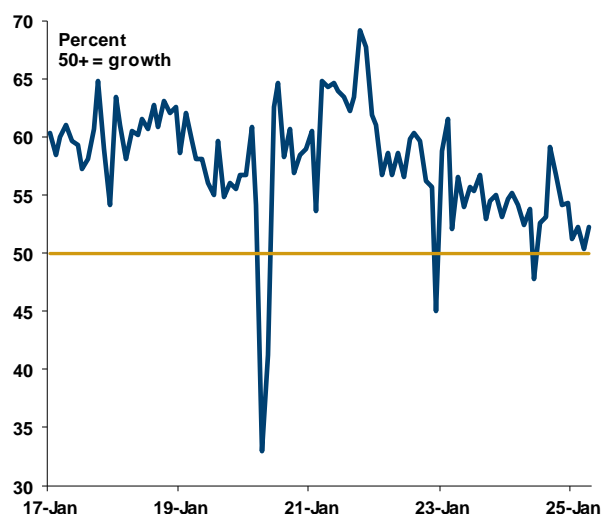
- The Institute for Supply Management's services index increased 0.8 percentage point to 51.6 percent in April, better than the Bloomberg economist survey expectation of a 0.6 percentage point decline to 50.2 percent. The latest print, while softer than the Q1 average of 52.4 percent, is indicative that the services sector held in expansion (its tenth consecutive above-50 read) and that the overall economy remained on a growth track in 2025 thus far (chart). That being said, heightened uncertainty regarding trade policy (namely tariffs) permeated responses by firms, hinting at potential deterioration for the measure in coming months.
- The new orders subcomponent rose 1.9 percentage points to 52.3 percent, its tenth straight observation above the critical threshold of 50 percent (chart, below left). Eight industries reported an increase in new orders in April, down from nine in March. Business activity was only the subcomponent to decline in April, though it remained in expansionary territory for the 59th consecutive month (-2.2 percentage points to 53.7 percent; chart, below right). Ten industries reported an increase in business activity in April, down from twelve in the March. Tariffs appear to be introducing downside risk to this area, with Steve Miller, Chair of the Institute for Supply Management Services Business Survey Committee, noting a "more conservative approach both domestically and internationally as a result of the current U.S. policies."

ISM Services: Headline Index



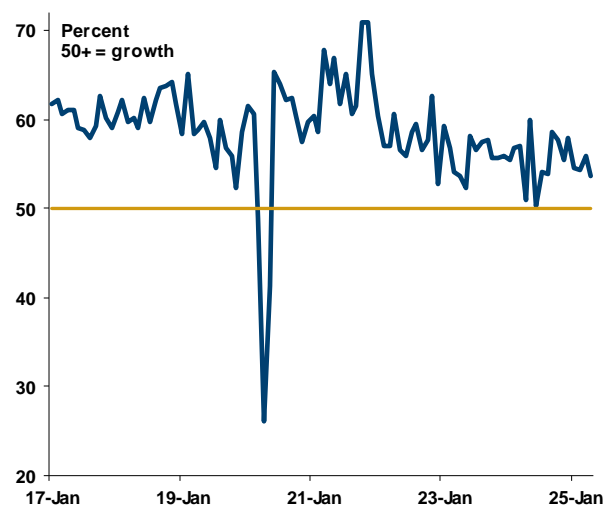
Source: Institute for Supply Management via Haver Analytics

ISM Services: New Orders Index



Source: Institute for Supply Management via Haver Analytics

ISM Services: Business Activity Index

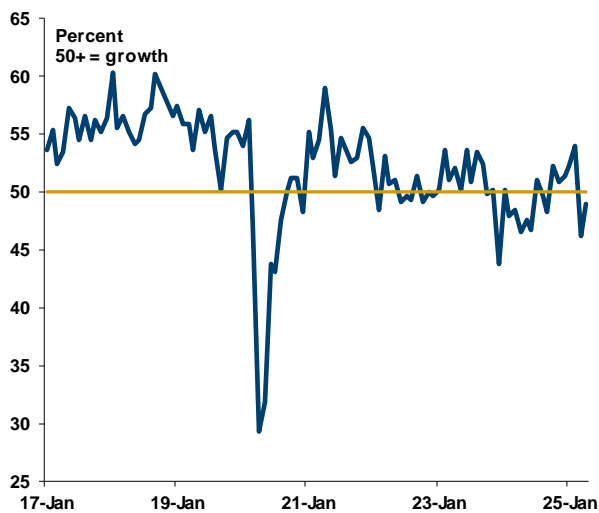


Source: Institute for Supply Management via Haver Analytics

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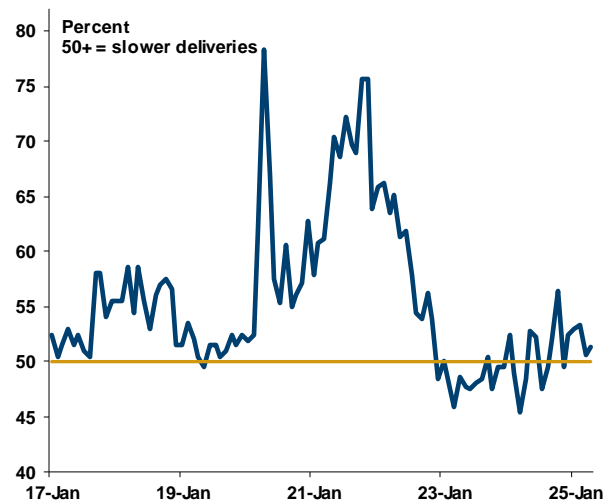
- Though improved, employment was the only major subcomponent to indicate contraction in April (+2.8 percentage points to 49.0 percent; chart, below left). Eight industries indicated an increase in employment, up from four in March. As mentioned in the official release, some service-providing firms are engaging in a hiring freeze due to “uncertainty of government grants.”
- The supplier deliveries index rose 0.7 percentage point to 51.3 percent in the latest month, indicating “slower” deliveries for the fifth consecutive month (readings within the general vicinity of 50 percent suggest well-functioning supply chains; chart, below right). Eleven industries reported slower deliveries in the latest month, up from six in March.

ISM Services: Employment Index



Source: Institute for Supply Management via Haver Analytics

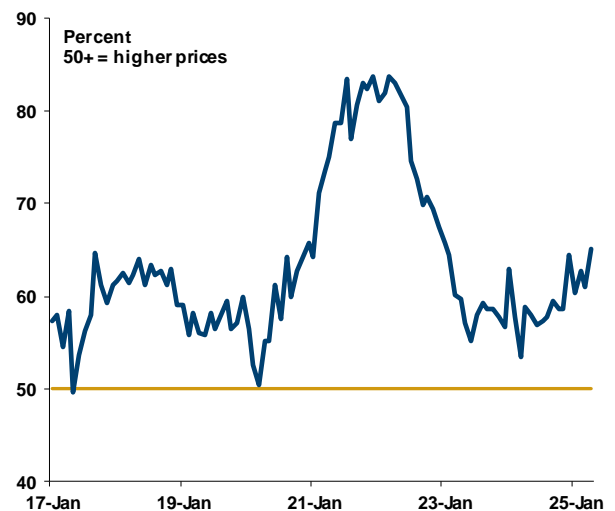
ISM Services: Supplier Deliveries Index



Source: Institute for Supply Management via Haver Analytics

- The shift in the prices index was perhaps the most notable development of today's report, with the measure increasing 4.2 percentage points to 65.1 percent, the highest observation since January 2023 (chart). Seventeen of eighteen industries reported an increase in prices paid in April, up from fourteen in the prior month. With input costs likely to move higher on account of tariff policy, this index is likely to face further upward pressure in the months ahead. On the point, as stated by Miller: “Regarding tariffs, respondents cited actual pricing impacts as concerns, more so than uncertainty and future pressures.”

ISM Services: Prices Index



Source: Institute for Supply Management via Haver Analytics