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June ISM Non-Manufacturing Index

- The ISM Non-Manufacturing index increased to 50.8 in June, narrowly beating the consensus expected 50.6. (Levels above 50 signal expansion; levels below signal contraction.)
- The major measures of activity were mixed in June. The new orders index rose to 51.3 from 46.4, and the business activity index rose to 54.2 from 50.0. The employment index fell to 47.2 from 50.7, while the supplier deliveries index declined to 50.3 from 52.5.
- The prices paid index declined to 67.5 in June from 68.7 in May.

Implications: The ISM Services index’s brief one-month stint below 50 in May proved to be short-lived, as the index beat expectations and returned to expansion territory (albeit barely) at 50.8 in June. It’s important to remember that Purchasing Manager’s surveys like the ISM Services index and its counterpart on the [manufacturing sector](#) often capture sentiment mixed in with actual activity. Given the recent weak readings from both, we don’t know whether this is the front end of a much slower economy, or just a sign that uncertainty from U.S. trade policy and, more recently, the conflict in the Middle East, are impacting sentiment and temporarily holding things back. Looking at the details of the report, new orders and business activity were responsible for the slight increase to the overall index, both climbing back into expansion territory at 51.3 and 54.2, respectively. Uncertainty from trade policy, high interest rates, and rising tensions in the Middle East are all said to be delaying activity and investment. Service companies – once hamstrung with difficulty finding qualified labor – are now taking a cautious approach with their hiring efforts, as the employment index dropped to 47.2 in June, the third contraction in four months, with nearly twice as many industries (nine) reporting lower employment in June versus higher (five). The highest reading of any category was once again the prices index, which declined to 67.5 in June from 68.7 in May. Besides last month, that’s the highest level since late 2022, but still far from the worst we saw during the COVID supply-chain disruptions, when the index reached the low 80s. Though inflation pressures remain – the M2 measure of the money supply is barely up versus three years ago – which means we are likely to see lower inflation and growth in the year ahead.

ISM Services: Services PMI Composite Index
 SA, 50+=Increasing



Source: Institute for Supply Management/Haver Analytics

ISM Services: Prices Index
 SA, 50+ = Economy Expanding



Source: Institute for Supply Management/Haver Analytics

Non-Manufacturing ISM Index <i>Seasonally Adjusted Unless Noted</i>	Jun-25	May-25	Apr-25	3-month <i>moving avg</i>	6-month <i>moving avg</i>	Year-ago <i>level</i>
Composite Index	50.8	49.9	51.6	50.8	51.6	49.2
Business Activity	54.2	50.0	53.7	52.6	53.8	50.2
New Orders	51.3	46.4	52.3	50.0	50.7	47.8
Employment	47.2	50.7	49.0	49.0	49.9	46.7
Supplier Deliveries (NSA)	50.3	52.5	51.3	51.4	51.9	52.2
Prices	67.5	68.7	65.1	67.1	64.2	56.8

Source: Institute for Supply Management