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April ISM Non-Manufacturing Index

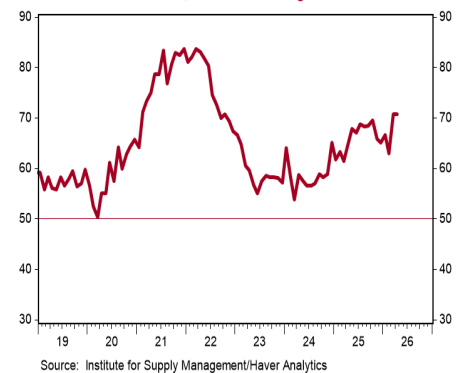
- The ISM Non-Manufacturing index declined to 53.6 in April, narrowly lagging the consensus expected 53.7. (Levels above 50 signal expansion; levels below signal contraction.)
- The major measures of activity were mostly higher in April. The business activity index rose to 55.9 from 53.9, while the new orders index declined to 53.5 from 60.6. The employment index increased to 48.0 from 45.2, and the supplier deliveries index rose to 56.8 from 56.2.
- The prices paid index remained unchanged at 70.7 in April.

Implications: Activity in the service sector expanded once again in April, although at a slightly slower pace than in recent months, as the ISM Services Index declined to 53.6 from 54.0. The slowdown was largely due to a retreat in new orders as elevated input prices stemming from the conflict in Iran have encouraged service companies to suspend purchases until stability returns. Looking at the details, growth broadened in April with fourteen out of the eighteen major service industries reporting growth (compared to thirteen in March), while three reported contraction and one remained unchanged. The major measures of activity were mostly higher. The business activity index rose to 55.9 from 53.9, while the new orders index retreated to 53.5 after climbing to its highest level in more than three years in March. That said, both the business activity index and the new orders index have shown expansion in at least eleven out of the last twelve months. Although growth continues at a solid pace, survey comments reveal caution surrounding higher input costs being passed through to service companies. As a result, companies which began to increase hiring efforts at the start of the year have since brought hiring efforts to a standstill. After starting the year in expansion, the employment index fell to 45.2 in March, but rose in April to 48.0 – still contractionary, but at a more modest pace. Unfortunately, the highest reading of any index was once again the prices index, which remained at 70.7 in April, matching the highest level since October 2022. Though the index remains elevated, it is still well below the worst we saw during the COVID supply-chain disruptions, when the index reached the low 80s. While the ongoing war in Iran is expected to affect input prices in the short-term, we will continue to monitor the M2 money supply – which has grown slowly over the last 3+ years – for whether these signals turn into long-term inflationary pressure.

ISM Services: Services PMI Composite Index
 SA, 50+ = Economy Expanding



ISM Services: Prices Index
 SA, 50+ = Increasing



Non-Manufacturing ISM Index <i>Seasonally Adjusted Unless Noted</i>	Apr-26	Mar-26	Feb-26	3-month moving avg	6-month moving avg	Year-ago level
Composite Index	53.6	54.0	56.1	54.6	54.0	51.6
Business Activity	55.9	53.9	59.9	56.6	56.1	54.0
New Orders	53.5	60.6	58.6	57.6	55.9	52.0
Employment	48.0	45.2	51.8	48.3	49.3	49.2
Supplier Deliveries (NSA)	56.8	56.2	53.9	55.6	54.5	51.3
Prices	70.7	70.7	63.0	68.1	67.0	65.0

Source: Institute for Supply Management