News Release
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S&P Global US Services PMI®

Business activity growth sustained in January amid a stronger rise in sales

Tariffs and economic uncertainty nonetheless limit growth rates

Employment numbers increase marginally

Inflation rates remain elevated, but weaken since end of 2025

January's S&P Global PMI survey of US private service sector companies signaled a quicker expansion of business activity.

Stronger growth was linked to a steeper uplift of new work, although subdued consumer confidence and ongoing uncertainty served to limit gains. Moreover, service providers reported the steepest reduction in foreign demand in just over three years, whilst sentiment regarding the outlook softened, linked in some instances by firms to tariffs and political uncertainty.

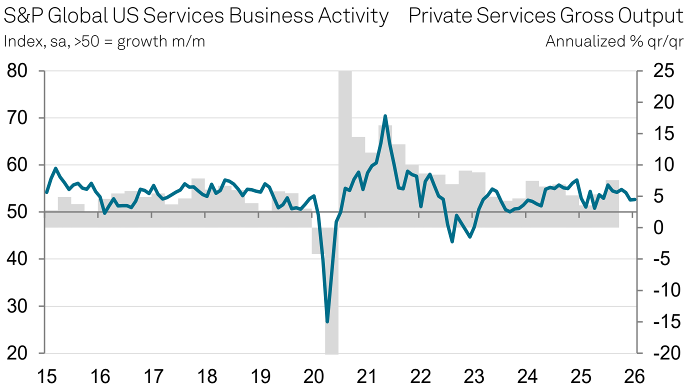
That said, capacity pressures continued to build and encouraged service providers to lift staffing levels marginally. On the price front, cost pressures remained historically elevated driven principally by tariffs and higher labor and supplier costs. In response, services companies raised their own selling prices, but at a slightly softer rate.

The headline S&P Global US Services PMI® Business Activity Index recorded 52.7 in January, up from 52.5 in December. Remaining above the crucial 50.0 no-change mark, the index has now signaled continuous service sector expansion for exactly three years. That said, growth in January was historically weak and below typical levels seen in 2025.

The rise in business activity was supported by a stronger expansion in new business inflows at the start of 2026. Sales growth was in line with the recent trend amid reports of new client wins and a general improvement in market demand. The expansion was limited to the domestic market however and even here low consumer confidence and uncertainty tended to limit growth. Regarding international sales, companies recorded a sharp decline in foreign demand, with new export business down to the greatest extent since November 2022 due to tariffs and the uncertain trading environment.

Evidence of ongoing capacity pressures was prevalent during January as outstanding business rose solidly for the eleventh month running, and at the most pronounced rate since last July. Positively, US service providers registered a rise in employment, following December's slight decline. That said, the rate of job creation was only marginal and weak when compared to the survey's long-term trend.

Business confidence eased at the start of the year, reaching its lowest since October 2025, reflecting some ongoing



Data were collected 12-28 January 2026.
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence. © 2025 S&P Global.

Comment

Chris Williamson, Chief Business Economist at S&P Global Market Intelligence

"Sustained service sector growth, supported by a robust rise in manufacturing output in January, indicates the economy is growing at an annualized rate of around 1.7%. However, that's a lower gear compared to the pace of expansion seen prior to December's slowdown, and hints at GDP growth cooling in the first quarter.

"Consumer-facing companies are increasingly reporting a challenging environment, with demand for services falling in January having nearly stalled in December, reflecting low levels of consumer sentiment and cost of living pressures.

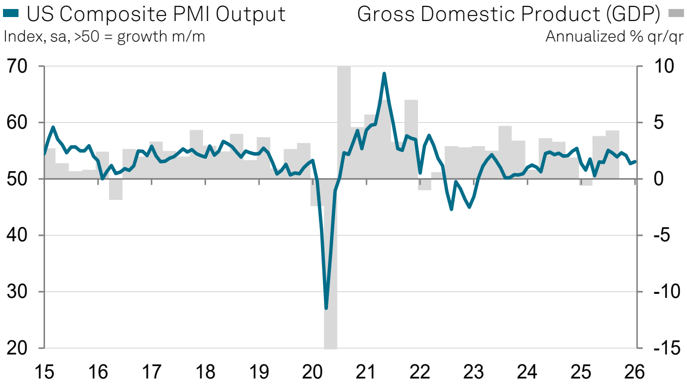
"While financial and business service providers are reporting a more resilient picture, demand growth here is also showing signs of fraying amid heightened concerns over the economic outlook, in turn often blamed on political uncertainty. However, lower interest rates and favorable financial conditions, higher government spending, combined with more active sales and marketing efforts, are propping up business sentiment and spending, and also encouraging modest hiring.

"Inflationary pressures in the service sector meanwhile remain elevated, blamed on the pass though of tariff related price increases and wage growth, though stiff competition is often reported to have limited the impact on final selling prices."

political uncertainty in the outlook. Confidence was underpinned by hopes of a stronger domestic economy – in part linked to hopes of lower interest rates – new customer wins and business expansion plans.

Tariffs also remained a key source of cost pressures in January, but overall input prices rose to the slowest degree since last October. Higher supplier costs and payroll expenses also added to upward pressure on company operating expenses.

In line with the trend for overall costs, selling prices increased to a lesser extent than in December, albeit also still higher than the historical average. Firms often sought to pass on their higher input costs to clients, though the rate of growth moderated amid reports of strong competition limiting pricing power.



Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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S&P Global US Composite PMI®

The S&P Global US Composite PMI® recorded 53.0 in January.

That was up from 52.7 in December and represented a solid rate of growth in private sector activity. Both sectors covered by the survey recorded stronger output expansions, in line with faster gains in new business.

Employment meanwhile rose only marginally, while confidence in the outlook softened. Cost pressures remained elevated, although inflation weakened from the end of 2025. A similar trend was seen for output charges.

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Methodology

The S&P Global US Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies.

The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in October 2009.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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