

# S&P Global US Services PMI<sup>®</sup>

## Growth sustained in June, but to softer degree as tariff uncertainties linger

Activity and new work both rise at weaker rates  
Tariffs continue to underpin inflation  
Confidence in outlook remains relatively subdued

A further increase in US service sector business activity was recorded in June, although the rate of growth lost some momentum compared to May and remained well below levels recorded in the second half of 2024. New work volumes showed a similar trend, with international sales continuing to act as a drag on total business gains.

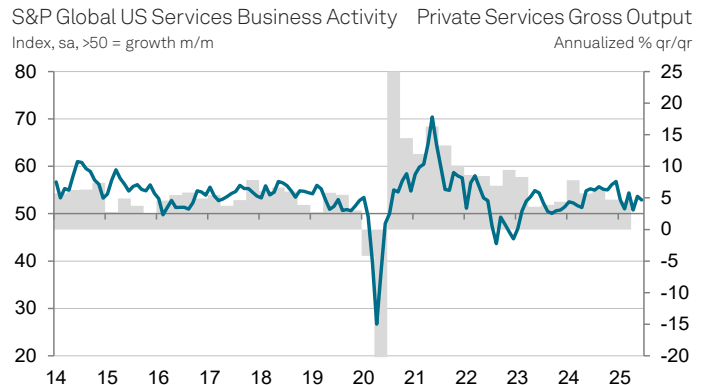
Tariffs meanwhile underpinned a further steep increase in operating expenses and selling prices, although inflation rates softened compared to May. Confidence in the outlook also remained below par, but firms were sufficiently optimistic to add jobs at the fastest rate for five months.

The S&P Global US Services PMI<sup>®</sup> Business Activity Index registered 52.9 in June. That was down from 53.7 in May to represent a slightly slower, but still solid, increase in activity. Growth has now been recorded for 29 successive months though remains noticeably slower when compared to the marked increases seen in the second half of 2024.

New business volumes continued to rise during June, with growth solid but also down since May. There were some suggestions from panelists of an underlying improvement in economic activity, especially in local markets and from domestic clients more broadly. In contrast, international sales fell for a third month running (albeit slightly) as tariffs and US trade policy uncertainty continued to weigh on foreign demand. On average, the decline in services exports during the second quarter was the steepest since the end of 2022.

Tariffs continued to impact costs during June, playing a noticeable role in driving up operating expenses according to anecdotal evidence. Higher supplier charges and increased wage expenses added to the upward pressure on input costs, although inflation overall was softer than May's near two-year high. Average output charges similarly rose to a slightly lesser extent as competitive pressures restricted the degree to which selling prices increased during June.

Jobs growth meanwhile was sustained in the latest survey period, with the latest upturn the best recorded since January. Higher workloads were the primary motivation for firms to recruit additional staff. Some panelists noted success in filling vacancies at their units. A solid accumulation of work outstanding was seen in June, reflective of some pressure on capacity caused by the upturn in new business volumes. It was the fourth successive month in which a rise in backlogs has been recorded.



Data were collected 12-26 June 2025.  
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

"The US service sector reported a welcome combination of sustained growth and increased hiring in June, but also reported elevated price pressures, all of which could add to pressure on policymakers to remain cautious with regard to any further loosening of monetary policy.

"Viewed alongside an improvement in manufacturing growth reported in June, the services PMI indicates that the economy grew at a reasonable annualized rate approaching 1.5% in the second quarter, with momentum having improved since the lull seen in April. Rising demand for services has meanwhile encouraged firms to take on additional staff at a rate not seen since January.

"We are seeing some worrying signs of weakness below the headline numbers, however, notably in respect to exports and falling activity among consumer-facing service providers, which has curbed the overall pace of economic expansion. Concerns over government policies have meanwhile created uncertainty and dampened spending on services more broadly, while also ensuring confidence in the outlook remains subdued compared to the optimism seen at the start of the year. The continued expansion of business activity in the coming months along the lines seen in June is therefore by no means assured.

"Price pressures have remained elevated in June. Although weak demand and intense competition were reported to have helped moderate the overall rate of increase compared to May, the overall rate of prices charged inflation for services remains the second-highest for over two years, thanks to widely-reported tariff-related cost increases, and will likely contribute to higher consumer price inflation in the near-term."

Finally, looking ahead to the next 12 months, the outlook for activity remains positive overall. Some panelists are hopeful of a more stable economic environment and are planning to launch new services over the coming year. However, sentiment softened since May and remains well below the survey average. Panelists continued to signal some worries over trade and broader federal government policy uncertainty.

## S&P Global US Composite PMI®

Growth of the US private sector economy remained solid in June, and little changed since May.

The S&P Global US Composite PMI® recorded 52.9, compared to May's 53.0. Noticeably, manufacturing output returned to growth and was the best recorded since February.

New orders similarly increased solidly, whilst employment growth improved to a five-month high. Cost pressures remained strong, whilst there was another steep increase in selling prices.

Confidence in the outlook remained positive but was again below its trend level.

### 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.

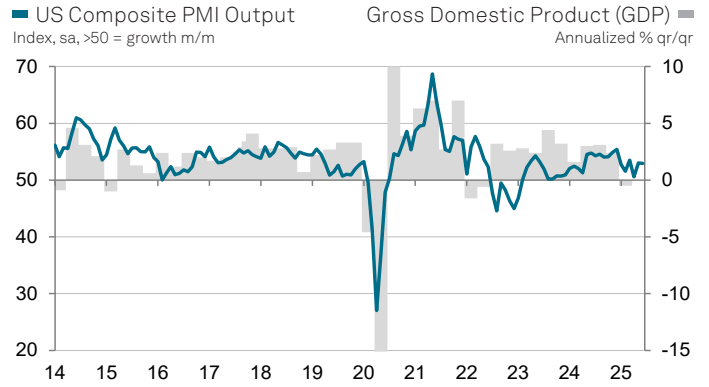
The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' 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](mailto:economics@spglobal.com).

### PMI by S&P Global

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