

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

## Strongest rise in business activity in year-to-date

Sharper increases in both activity and new orders  
Inflationary pressures strengthen amid impact of tariffs  
Modest rise in staffing levels

Growth gained momentum in the US service sector during July.

Business activity increased at the sharpest pace in the year-to-date amid a solid and accelerated expansion in new business. Companies responded to higher workloads by hiring additional staff, albeit only modestly. Meanwhile, tariffs continued to add to inflationary pressures, resulting in faster increases in both input costs and output prices.

The S&P Global US Services PMI<sup>®</sup> Business Activity Index rose to a seven-month high of 55.7 in July, up from 52.9 in June. The latest reading signaled a marked monthly expansion of output in the service sector, extending the current sequence of growth to two-and-a-half years.

Where business activity rose, service providers often linked this to higher new orders, with anecdotal evidence also highlighting improvements in customer demand, the securing of new clients and work on new products.

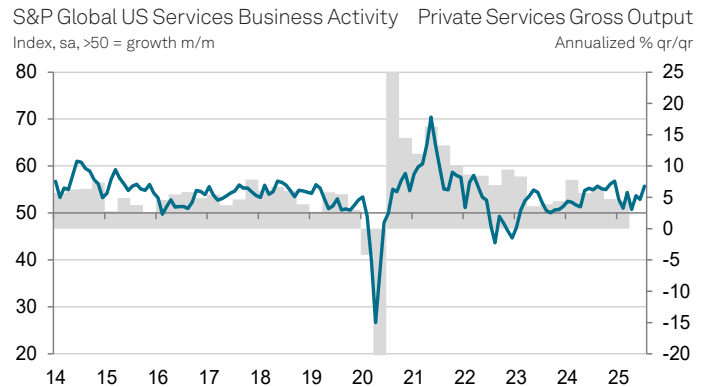
New orders expanded for the fifteenth consecutive month in July. As was the case with activity, the rate of expansion in new business picked up from June. The latest rise was solid and the fastest since January.

The increase in total new business was recorded in spite of a further reduction in new export orders as tariffs - and government policy-related factors - continued to negatively impact inflows of new business from abroad. New export orders have now decreased in each of the past four months, although the latest reduction was only marginal and the slowest in this sequence.

Tariffs also had a clear impact on price pressures, according to anecdotal evidence. Companies widely linked the latest increase in input costs to the effects of tariffs, while also mentioning higher salaries. Input prices rose sharply, with the pace of inflation accelerating from June and coming in above the series average.

Similarly, the pace of output price inflation quickened over the month and was steep. Panelists reported passing on tariff related rises in input costs to their customers. Here too, the increase was marked in the context of historical data.

With new orders increasing solidly, pressure came on operating capacity in July. Backlogs of work accumulated for the fifth consecutive month, and at a solid pace that was the fastest since May 2022.



Data were collected 10-29 July 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

“A strong rise in service sector business activity helped offset a slowdown in the manufacturing sector in July, signaling encouragingly robust economic growth at the start of the third quarter. While GDP has risen at an average 1.25% pace over the first half of 2025, July’s PMI is indicative of growth doubling to about 2.5%.

“July’s expansion was driven by surging demand in the tech sector alongside rising financial services activity, the latter linked to improving financial conditions fueled in turn by recent stock market gains. However, falling exports of services, which includes spending in the US by tourists, acted as a drag on growth alongside subdued demand from consumers more broadly.

“The recent strengthening of demand has led to rising backlogs of work in the service sector, encouraging firms to take on staff again.

“There was some caution seen in terms of hiring and expansion, however, linked to sharply rising costs, often attributed to tariffs, as well as reduced optimism about future prospects. Alongside a drop in optimism in the manufacturing sector, the reduced confidence in the service sector contributed to one of the gloomiest outlooks seen over the past three years, hinting at some downside risks to growth in the coming months.”

Companies responded to rising workloads by taking on extra staff, the fifth month running in which this has been the case. The pace of job creation remained only modest, however. Moreover, a number of firms reported that workers had been hired on either a part-time or temporary basis.

Looking to the future, companies remained optimistic that business activity will increase over the coming year. Positive sentiment reflected confidence in the securing of new orders amid planned marketing efforts and expected improvements in customer confidence. Optimism eased to a three-month low in July, however, and was weaker than the series average.

## S&P Global US Composite PMI®

The S&P Global US Composite PMI® rose to 55.1, up from 52.9 in June and signaling a marked monthly expansion in business activity. The acceleration in the pace of growth was centered on the service sector as manufacturing production rose at a softer pace.

The rate of growth in new orders also quickened, while employment increased modestly.

Inflationary pressures intensified, with selling prices rising at the fastest pace since August 2022.

Companies remained optimistic that output will rise over the coming year, but sentiment eased to a three-month low.

## 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.

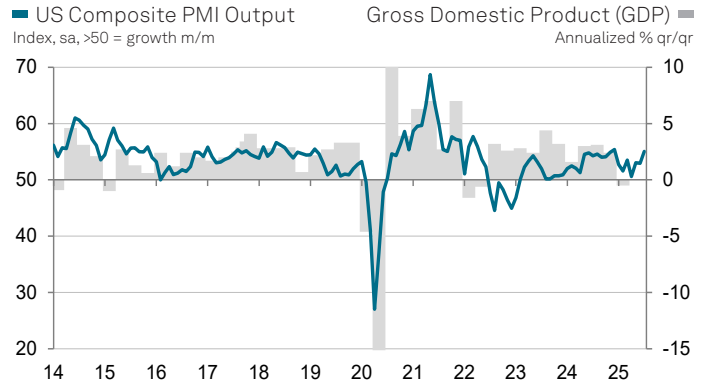
The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' 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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