

# News Release

Embargoed until 0945 EDT (1345 UTC) 03 May 2024

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

### Slower rise in services activity amid renewed fall in new orders

#### Key findings

Growth of activity at five-month low

New orders fall for first time in six months

Employment reduced for first time in 46 months

Business activity in the US services sector continued to increase in April, but the rate of expansion slowed amid the first reduction in new orders since last October. Employment was also reduced as firms showed a reluctance to replace departed staff.

On the price front, rates of both input cost and output price inflation softened at the start of the second quarter, although in each case the latest increase was faster than the pre-pandemic average. Rises in wages, plus higher oil and gas prices, were widely reported by companies.

The seasonally adjusted S&P Global US Services PMI<sup>®</sup> Business Activity Index fell for the third month running in April to 51.3 from 51.7 in March. The index pointed to a modest monthly increase in business activity, and one that was the slowest since last November.

Rising service sector output was sometimes linked by respondents to marketing activity, while other companies cited the impact of securing new orders. New business fell overall, however, leading to the slowdown in growth of activity.

The reduction in new business was the first in six months and often linked by companies to a reluctance among clients to spend or commit to new projects. In some cases, this hesitancy was due to high interest rates. That said, the drop in new orders was only slight.

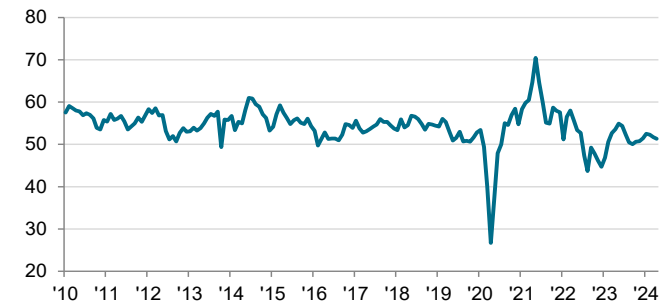
New business from abroad was also down modestly at the start of the second quarter, and has now fallen for three consecutive months.

The drop in total new orders meant that incoming work was insufficient to replace completed projects, thereby leading service providers to deplete outstanding business. Backlogs were down for the third month running, albeit at a modest pace that was the softest in this sequence.

Employment also decreased in April, thereby ending a

S&P Global US Services Business Activity Index

sa, >50 = growth since previous month



Data were collected 11-26 April 2024.  
Source: S&P Global PMI.

#### Comment

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

"Service sector growth slowed in April to point to a sluggish start to the second quarter for the US economy. Alongside a concomitant cooling in the rate of growth of manufacturing output, the weaker service sector performance means overall business activity grew in April at the slowest rate seen so far this year. At current levels, the PMI indicates that GDP is expanding at a modest annualized rate of approximately 1.5% so far in the second quarter.

"Demand has weakened, as signaled by the first fall in new orders for goods and services for six months, in part a reflection of both businesses and households adjusting to higher costs and the prospect of higher for longer interest rates. Business optimism has likewise cooled, dropping to the lowest since November, and companies are taking a more cautious approach to staffing levels.

"From an inflation perspective, the April survey brought some good news in that prices charged for services rose at a much reduced rate, registering one of the smallest increases seen over the past four years as greater competition and lower wage growth were reported to have taken some of the heat out of price setting."

PMI<sup>®</sup>

by S&P Global

© 2024 S&P Global

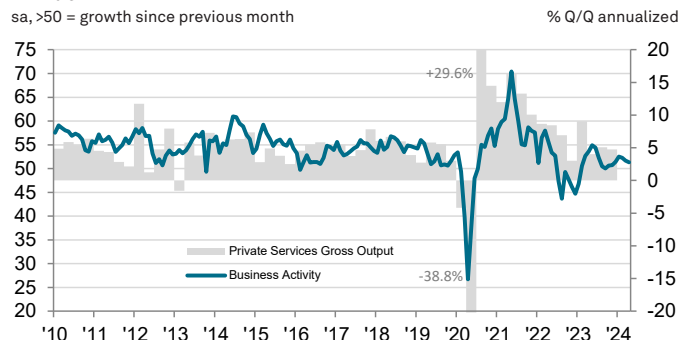
period of job creation stretching back to July 2020. Those respondents that lowered their workforce numbers often suggested that this was done through not backfilling positions after staff had left.

Despite the drop in employment, wage pressures remained a key factor pushing up input costs in April. Higher oil and gas prices were also reported. As a result, input costs rose sharply again and at a pace that was faster than the pre-pandemic average for the series. That said, the rate of inflation eased from that seen in March and was only slightly above the 40-month low seen in February.

Higher labor costs were often mentioned by those respondents that increased their selling prices in April. Charges have now increased on a monthly basis for almost four years, but as was the case with input costs the pace of output price inflation moderated from that seen in March.

US service providers remained optimistic that business activity will rise over the coming year, although sentiment fell to a five-month low. Some firms were confident that current marketing efforts would bear fruit in the months ahead, while others hoped to see interest rates start to come down. There were also some predictions that demand conditions will pick up following the presidential election.

■ PMI Services Business Activity ■ Private Services Gross Output Index



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

## S&P Global US Composite PMI®

### New orders fall for first time in six months

Looking at business trends across the combined manufacturing and service sectors, the S&P Global US Composite PMI Output Index\* posted 51.3 in April, signaling growth of business activity for the fifteenth consecutive month. The reading was down from 52.1 in March, however, and pointed to the softest expansion in the year-to-date. Weaker increases in output were seen across both the manufacturing and services sectors.

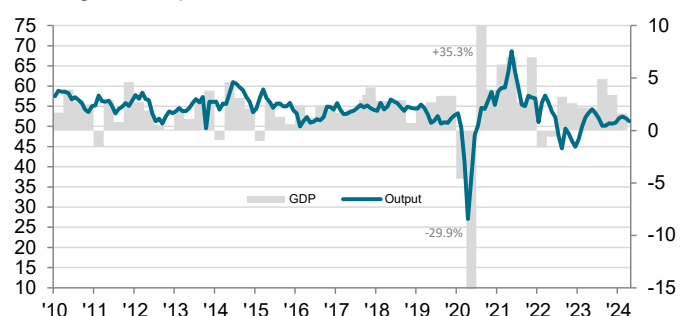
New business decreased for the first time in six months amid renewed contractions in both monitored sectors. New business from abroad ticked higher, but growth here was limited to manufacturing.

Employment also decreased, ending a 45-month sequence of job creation. The fall was centered on the services sector as manufacturing employment continued to increase.

Both input costs and output prices rose at softer rates at the start of the second quarter.

Meanwhile, business confidence ticked down but firms remained optimistic overall that output will increase over the coming year.

■ Composite Output Index ■ Gross Domestic Product (GDP)

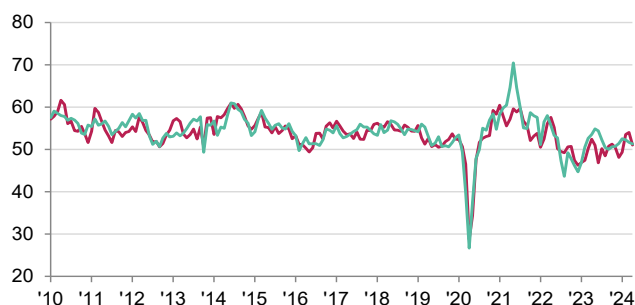


Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.

\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ Services PMI Business Activity Index  
 ■ Manufacturing PMI Output Index

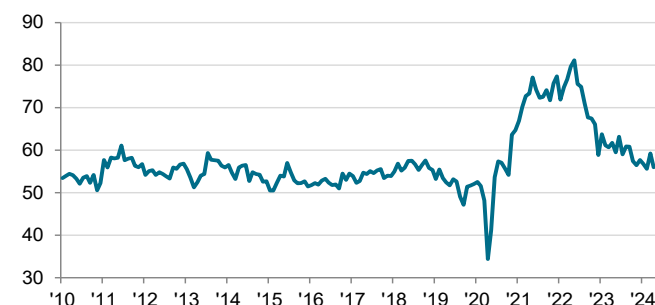
sa, >50 = growth since previous month



Source: S&P Global PMI.

US Services PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global PMI.

### Survey 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).

### About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

### About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

### Contact

Chris Williamson  
 Chief Business Economist  
 S&P Global Market intelligence  
 T: +44-20-7260-2329  
[chris.williamson@spglobal.com](mailto:chris.williamson@spglobal.com)

Katherine Smith  
 Corporate Communications  
 S&P Global Market intelligence  
 T: +1 (781) 301-9311  
[katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com)

Andrew Harker  
 Economics Director  
 S&P Global Market Intelligence  
 T: +44-1491-461-016  
[andrew.harker@spglobal.com](mailto:andrew.harker@spglobal.com)

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).