News Release
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S&P Global US Services PMI®

October sees further marked increase in business activity

Sustained growth of activity and new orders

Employment continues to fall marginally

Joint-slowest increase in output prices for almost four-and-a-half years

US service providers continued to expand their business activity at a marked pace as the final quarter of the year got underway.

New orders grew at a solid pace that was broadly in line with that seen in September, despite signs of weaker international demand. Business activity expectations revived from a 23-month low in September. Firms nevertheless continued to scale back staffing levels marginally amid uncertainty over future demand.

On the price front, companies raised their charges at the joint-slowest pace in almost four-and-a-half years, in spite of a further sharp increase in input costs.

The seasonally adjusted S&P Global US Services PMI® Business Activity Index signaled further strong growth of service sector output in October, ticking down only slightly to 55.0 from 55.2 in September. Activity has now increased in each of the past 21 months.

The latest rise in activity coincided with a further solid expansion in new business, with companies reporting the securing of new clients and a willingness among customers to commit to new projects. New orders rose for the sixth month running, with the rate of expansion broadly in line with that seen in September.

The rise in total new business was much faster than that seen for new export orders, as subdued international demand meant that new business from abroad increased only marginally and at the slowest pace in the current four-month sequence of growth.

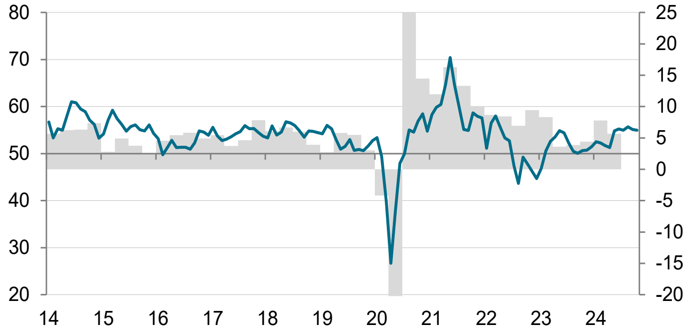
Business confidence rebounded in October, rising to the highest since June. Hopes of improved demand conditions following the Presidential Election supported confidence, with lower interest rates also predicted to feed through to growth of activity.

While new orders and business activity continued to rise, firms remained reluctant to expand staffing levels. Employment was down for the third month running. The latest fall was only marginal, however, as some companies did take on additional workers, in part through the backfilling of vacant positions.

Despite the restraint on hiring, companies were able to keep

S&P Global US Services Business Activity
Index, sa, >50 = growth m/m

Private Services Gross Output
Annualized % qr/qr



Data compiled 10-29 October 2024.
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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Comment

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

“The US service sector notched up another strong performance in October, helping offset the current weakness of the manufacturing sector to drive a solid pace of overall economic growth again at the start of the fourth quarter.

"The services economy's consistently impressive growth in recent months has helped the US outperform all other major developed economies. October's strong performance is consistent with GDP continuing to rise at an annualized rate in excess of 2%.

"Particularly welcome news comes from the cooling inflation picture. Average prices charged for services rose at a sharply reduced rate in October, showing one of the smallest increases seen for over four years, as competition intensified in the services economy.

"Firms' expectations for the coming year have meanwhile perked up from a slump in September, though much uncertainty persists in relation to the business climate after the election, causing many firms to pause hiring until the political landscape becomes more settled."

PMI®
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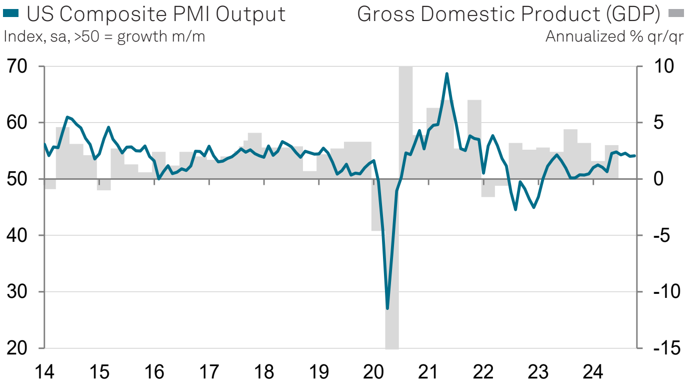
on top of workloads, meaning that outstanding business was unchanged in October following a rise in September.

As part of efforts to secure sales, companies limited the pace at which they raised their selling prices. The rate of output price inflation slowed sharply and was the joint-weakest in nearly four-and-a-half years of rising charges, equal with that seen in January.

Where output prices were increased, this reflected the passing on of higher input costs, which continued to rise sharply and at a pace that was above the series average. Respondents indicated that higher staff costs had been the main factor pushing up input prices.



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®

Output continues to rise amid strength in services

The S&P Global US Composite PMI Output Index ticked up to 54.1 in October from 54.0 in September, registering a further solid increase in business activity at the start of the final quarter of the year.

The overall expansion again reflected marked increases in services activity as manufacturing production continued to fall.

Modest reductions in employment across both monitored sectors meant that overall staffing levels decreased for the third month running.

Meanwhile, output price inflation eased to a 53-month low.

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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.

PMI by S&P Global

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