ISM Survey Indicates Fading Service Demand and Higher Prices

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The ISM Service Index for April dropped from 51.4 to 49.4, indicating *contraction* (sub-50) for the first time since late 2022. Within the composite, the business activity index (a measure of current production) dropped from 57.4 to 50.9, *a four-year low*. The employment sub-index (already in contraction) slipped from 48.5 to 45.9 as purchasing managers expect to hire fewer workers in the coming months. The forward-looking new orders index declined from 54.4 to 52.2, *still expanding but at a lesser pace*.

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