



# ISM Services Held Steady at 53.8 in January 2026

## Headlines

- **The Institute for Supply Management (ISM) reported that aggregate services activity held its ground** in January 2026, matching December's 53.8.
- **Business Activity rose to 57.4 in January 2026.**
- **Hiring among service industry businesses clung to expansion** at 50.3 for the month.
- **Pricing pressures among service providers bounced in January 2026**, rising to 66.6 for the month.
- **Services Exports gave back a prior-month jump into expansionary territory** falling to 45.0 in January 2026.

Kurt Rankin  
kurt.rankin@pnc.com  
  
PNC Economics  
economics@pnc.com

## Details

**The ISM Services PMI survey held at 53.8 in January 2026**, matching the survey's end-of-year result for 2025. Current Business Activity and New Orders continued to respond to ongoing consumer demand with expansionary readings to open the new year, while the survey's Employment index fell to near break-even conditions. ISM revealed that survey respondents made mention of post-holiday conditions across several services sectors, but that discretionary spending from consumers is persistent. Still-high, service providers' cost pressures stalled in their recent downward trend in the January survey results, forcing businesses to continue their efforts to balance tariff-induced cost increases, undeterred consumer demand and potential productivity gains from artificial intelligence (AI) and other information technology spending.

**The ISM Services PMI diffusion index indicates the net percentage of service industry businesses that are experiencing expanding or contracting activity** across various categories, with a reading below 50 indicating net contraction across the services sector. January 2026's topline reading of 53.8 puts U.S. service providers at eight consecutive months of expansion now spilling over into the new year.

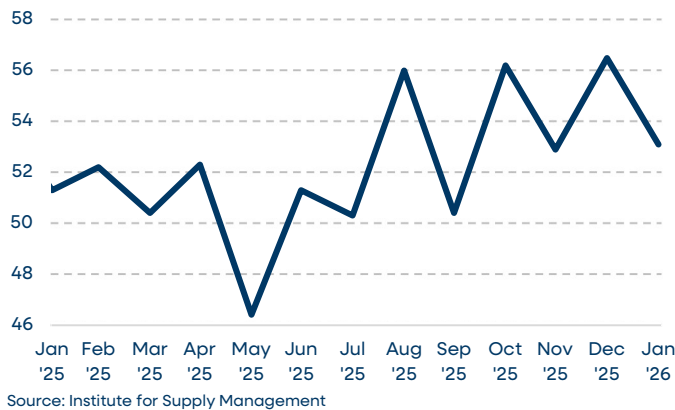
**The Employment component of the ISM Services survey fell to 50.3 in January 2026.** Although this is the second consecutive positive monthly reading on the collective services industry jobs front, this result is far from robust, having barely retained its foothold above the benchmark level of 50. Eight of the prior nine monthly results before December 2025 were below that expansionary threshold. PNC forecasts that the U.S. economy will this year add fewer than



half of the number of jobs that were created in 2025. The Professional & Business Services and Retail sectors posted job losses for the year in 2025, nearly offsetting Leisure & Hospitality hiring (Bureau of Labor Statistics). As businesses across service industry sectors wrestle with higher costs and the prospects of enhancing existing workers' productivity through investment in AI tools, the ISM Services report's Employment sub-index is likely to struggle to maintain expansionary readings in the months ahead.

**New Orders among U.S. service providers posted a reading of 53.1 in January 2026**, falling from December's 14-month high but retaining an expansionary stance (see Figure 1). January's New Orders reading was the eighth consecutive expansionary result for the component index. Service providers have not revealed consecutive monthly contractionary conditions since the end of the COVID-19 pandemic, with only three sub-50 readings total since January 2021. U.S. services businesses have clearly carried the load for U.S. economic gains that outperformed expectations in the second half of 2025. This skew in economic performance versus the nation's manufacturing sector looks set to continue in 2026.

**Figure 1: ISM Services – New Orders (SA)**



**The Prices component of the ISM Services report increased in January 2026**, rising to 66.6 from December's 65.1 (see Figure 2). This snaps nascent downward momentum from 2025's peak of 70.0 (October). Upstream cost pressures among U.S. heavy industry sectors saw their own trend of

declines stall in the fourth quarter of last year and continuing into ISM's January 2026 Manufacturing PMI survey. And oil prices bounced on geopolitical tensions to open the year, installing the potential for service industry cost pressures to remain elevated through the first quarter of 2026.

**Figure 2: ISM Services - Prices (SA)**



**Service providers reported Inventory Sentiment at 54.3 for January 2026.** This expansionary result aligns with ongoing New Orders strength and source-published consumer data outside of ISM reports that indicate consistent spending despite ongoing inflation concerns. Survey respondents continue to express concern regarding tariff-induced cost pressures and the uncertainty that tariff policy and rhetoric inject into their planning efforts. A comprehensive perspective given these compounding influences is that service industry gains are at least proceeding below potential. Consumer fundamentals imply continued strength, but businesses remain cautious toward fully embracing momentum.



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