

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

## Slowest growth for 17 months amid subdued demand and slump in business confidence

Activity growth weakens in line with weaker rise in demand

Trade policy uncertainty weighs on confidence and employment growth

Selling price inflation ticks up to three-month high

In April, US service sector business activity growth was the slowest in nearly a year-and-a-half, according to the latest PMI<sup>®</sup> data from S&P Global.

Uncertainty over federal policies, especially trade, was reported to have limited demand growth and weighed on business expectations, which slumped to its lowest level for two-and-a-half years.

Meanwhile, tariffs were reported by firms to have been a key driver of higher operating expenses through a rise in supplier charges. Service providers increased their own selling prices in response, with inflation the strongest since January.

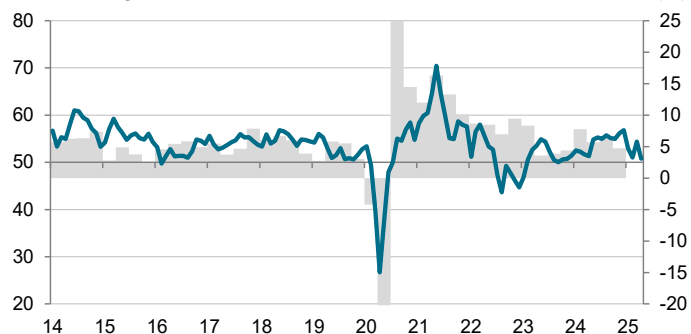
The S&P Global US Services PMI<sup>®</sup> Business Activity Index remained above the critical 50.0 no-change mark in April to signal an increase in service sector activity. However, with the index dropping to 50.8, the lowest reading since November 2023 and down from 54.4, growth was marginal and much slower than March's three-month high.

Slower activity growth was linked to similarly weaker gains in new work during April. While firms reported some sales success from the start of new projects, demand growth was somewhat limited by economic uncertainty arising from federal policies, most notably in relation to trade. This led to hesitancy in spending amongst clients, according to panelists. The uncertain trading environment had an especially notable impact on foreign demand, with new business from abroad slumping in April to the greatest degree since November 2022.

Uncertainty around trade policy also hit the confidence of service providers in April. Overall, sentiment was at its lowest level for two-and-a-half years and amongst the weakest since the height of the pandemic in 2020. The uncertain business outlook tended to weigh on hiring activity. Although growth in staffing levels was registered for a fourth time in the past five months, the rate of expansion was marginal and well below the survey's historical trend. Where higher employment was noted, this was attributed in some instances to mild capacity pressures as highlighted by a rise in backlogs of work for a second successive month. Reflective again of the increasingly challenging trading environment, the rise in work outstanding was however only marginal.

Input costs continued to rise at an elevated pace during April, although the rate of inflation eased considerably from March's one-and-a-half year high to its weakest of 2025 so far. Suppliers were widely reported by panelists to have pushed

S&P Global US Services Business Activity Index, sa, >50 = growth m/m  
Private Services Gross Output Annualized % qr/qr



Data were collected 9-28 April 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

"While tariff announcements mean manufacturing dominates the news, a worrying backstory is developing in the vastly larger services economy, where business activity and hiring have come closer to stalling in April amid plunging business confidence.

"Business and consumer facing service providers alike, and especially financial services firms, are reporting markedly weaker growth prospects, citing intensifying uncertainty over the economic outlook amid recent tariff announcements and ongoing federal spending cuts.

"A key area of weakness is slumping exports of services, which is now falling at rate not seen since 2022, but domestic demand is also reportedly waning as confidence slides lower.

"Higher prices paid for imports due to tariffs are also driving up service sector firms' costs, feeding through to higher prices, notably in consumer-facing industries such as restaurants and hotels.

"The resulting bottom line from the services sector is a heightened risk of stalling growth and rising inflation, or stagflation."

up their prices in response to tariffs, while an upturn in wage expenses also added to an increase in overall operating expenses.

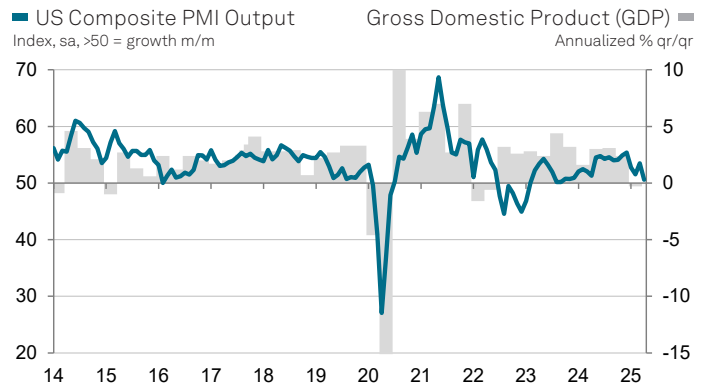
Despite evidence of slowing demand growth, service providers chose to increase their own selling prices to a stronger degree in April. Efforts to pass on increased costs to clients was the principal reason reported by panelists for the uptick in output price inflation to a three-month high.

## S&P Global US Composite PMI®

The S&P Global US Composite PMI® fell to 50.6 in April, down from March's 53.5 and its lowest level since September 2023.

A rise in new work was also recorded, but to only a modest degree. Amid uncertainty over trade policies, business expectations slumped to their lowest level for two-and-a-half years, whilst employment numbers were little changed.

On the price front, input cost inflation softened during April but remained relatively high as suppliers raised prices in response to tariffs. Panel firms responded by increasing their selling prices at the fastest rate since last September.



Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.  
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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](mailto:economics@spglobal.com).

## PMI by S&P Global

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