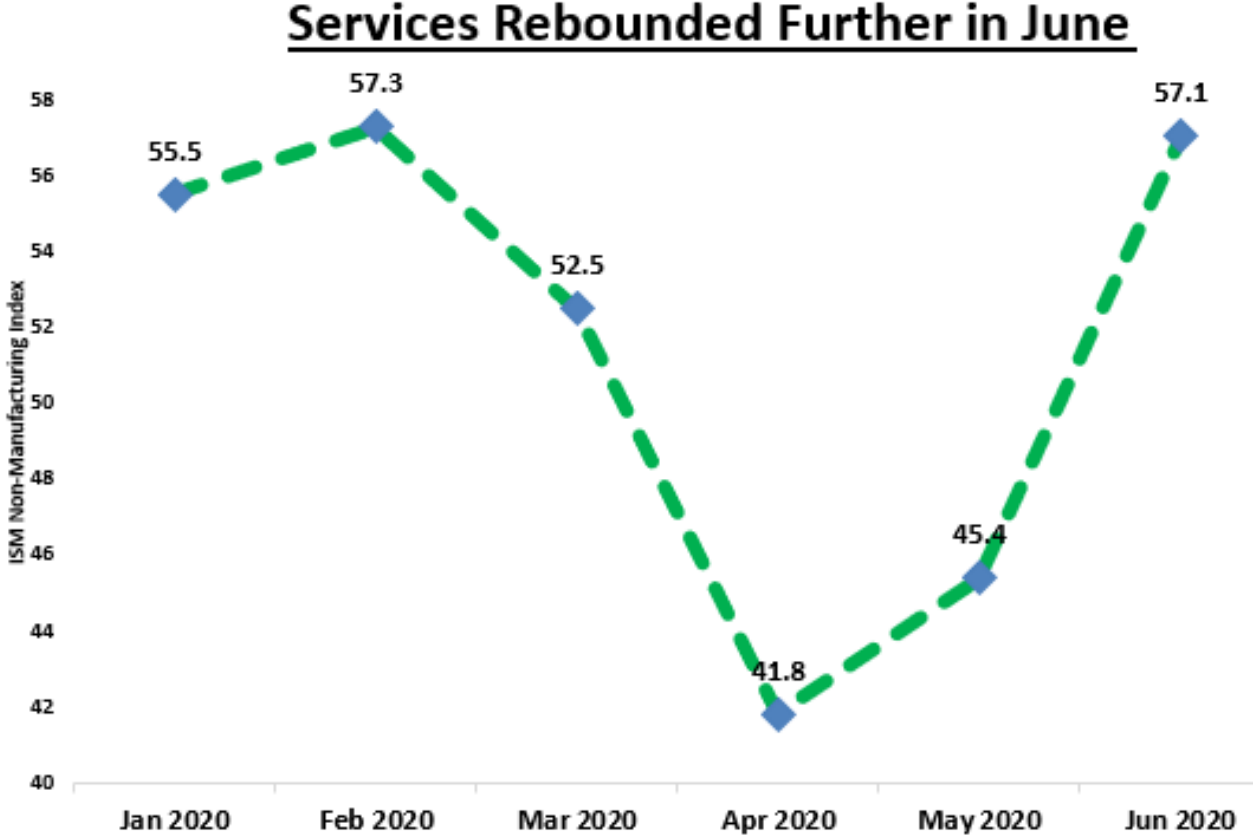


Latest Services Sector Numbers Are Encouraging Sign Towards Recovery

The services sector of the economy rebounded strongly in June, according to the [Institute for Supply Management's non-manufacturing index](#). The increase in June was the largest on record. The index now stands close to where it was in February, before COVID-19 struck the economy.

The index was 57.3 in February. It fell all the way to 41.8 in April, before bouncing to 45.4 in May. It jumped another 11.7 points in June to stand at 57.1.



The strength in the report was widespread. Nine out of ten sub-indexes improved, with many growing enough to indicate a growing economy. The supply time sub-index was the only one that declined. However, this signals that supply chains are returning closer to normal.

The employment sub-index rose sharply over the month, however it is still firmly in contraction territory. This indicates that businesses are not laying off as many employees as they were, but they are also not hiring at a rapid clip either. This will be an important sub-index to monitor going forward.

The rebound in services is further evidence of an economy that bottomed out in May and began recovering in June. A big caveat—that applies to all data compiled last month. The survey was conducted before the recent spike in COVID-19 cases. That could slow the early-stage recovery. We will know more when we get data for later in June and early July.

–Curtis Dubay, Senior Economist, U.S. Chamber of Commerce