

Service companies expanded at a faster pace in January, the Institute for Supply Management reported Wednesday. AP

Service sector EXPANDS on gain in new orders

By Josh Boak
Associated Press

WASHINGTON — U.S. service companies expanded at a slightly faster pace in January. New orders, sales and hiring showed strength in a sign that financial firms, retailers and information technology companies foresee stronger growth.

The Institute for Supply Management, a trade group of purchasing managers, said Wednesday that its service-sector index rose to 54 from 53 in December. Any reading above 50 indicates expansion.

The improvement points to continued economic gains for the service industry, despite some challenges posed by freezing temperatures and winter storms last month.

The survey covers businesses that employ 90 percent of the workforce, including construction, retail, health care and financial services firms. Because these companies are less sensitive to nasty weather than manufacturers, the January figure suggests a reported slowdown at factories last month was due in part to the winter chill rather than to broader weakness in the economy.

The services sector has experienced "slow, incremental growth" for the past four years and is on a sustainable path, said Anthony Nieves, chairman of ISM's services survey.

"It's been chugging along very steady," said Nieves, adding that the 4½-year-old recovery from the Great Recession has been "very resilient even with the ups and downs."