



Economics Group

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ISM Non-Manufacturing Rebounds on Solid Momentum

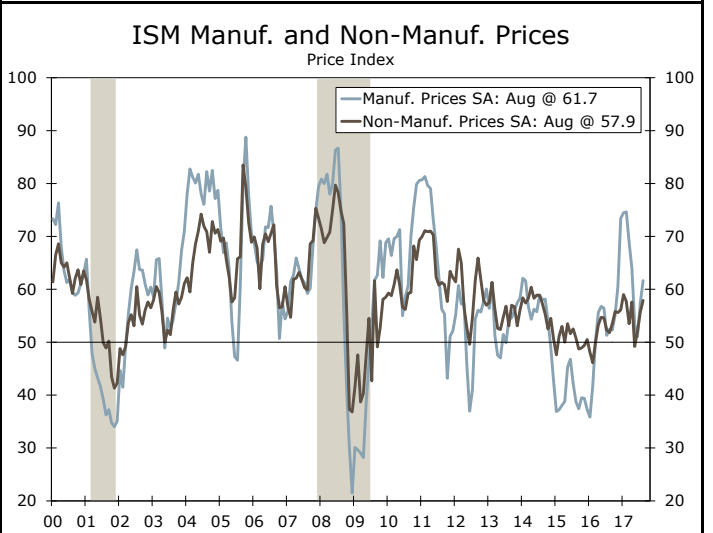
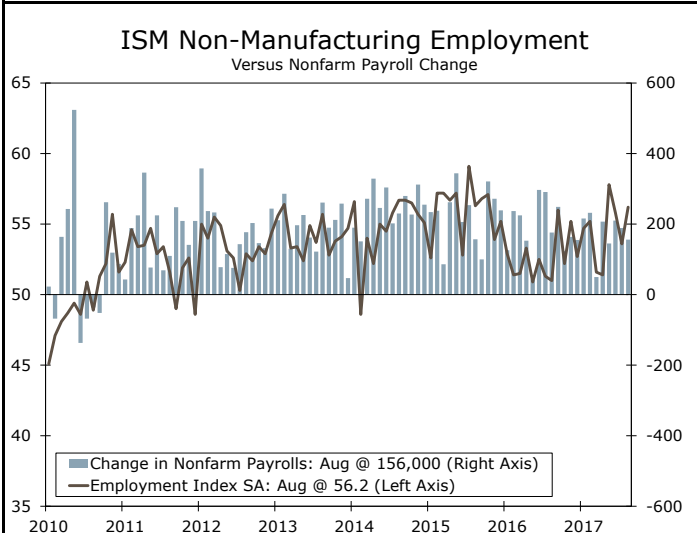
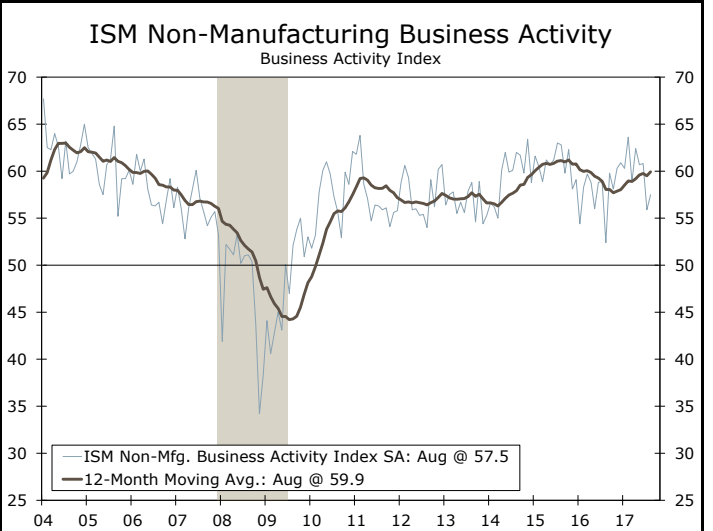
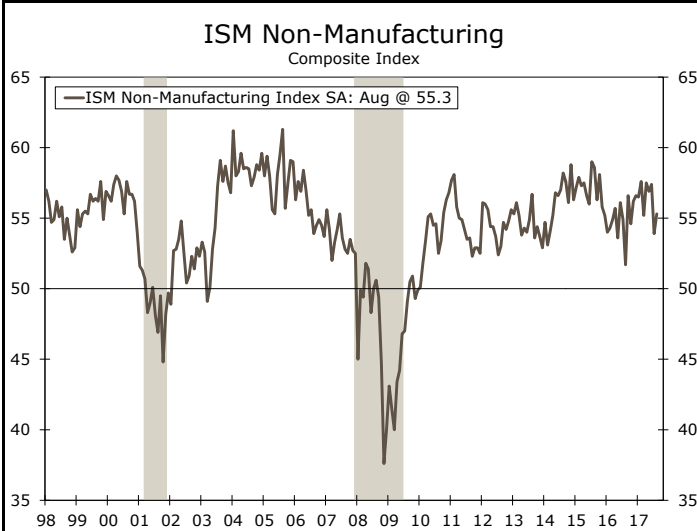
The ISM non-manufacturing composite index recovered some lost ground in August, up 1.4 points to 55.3 after falling to 53.9 in July. Momentum is up from July but below the 6-month average in most key measures.

Activity Back Up in August

- Non-manufacturing business activity appears to be settling in to a respectable expansion. Partially recovering from the sudden drop in July, the headline ISM non-manufacturing index rose to 55.3—in line with its average over the past six months (56.0).
- Most sub-indices followed the headline, recovering from July but remaining more subdued than in June.

July Just A Summer Break

- Gauges of employment and prices paid contrasted the rest, as they rose higher in August and *also* higher than the 6-month average. The recent climb in the inflation gauge is encouraging.
- Today's report had two key takeaways. First, the slowdown in July was apparently temporary. Second, the "economy is chugging along," according to one comment that summarized the rest and most of the subcategories.



Source: Institute for Supply Management and Wells Fargo Securities

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