



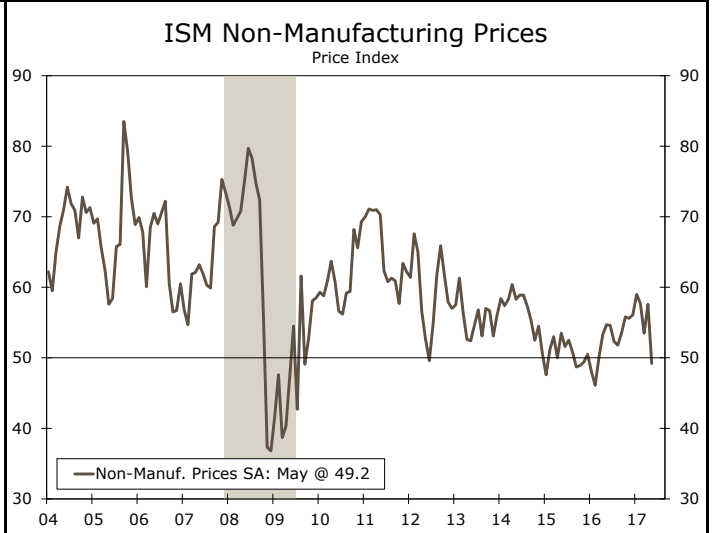
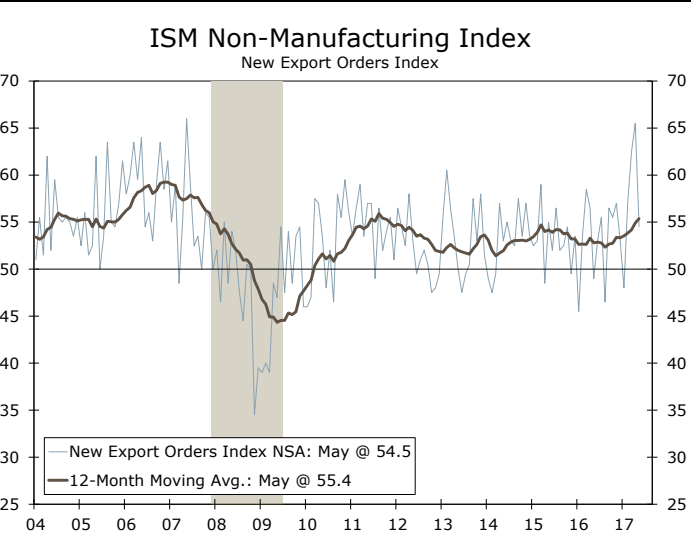
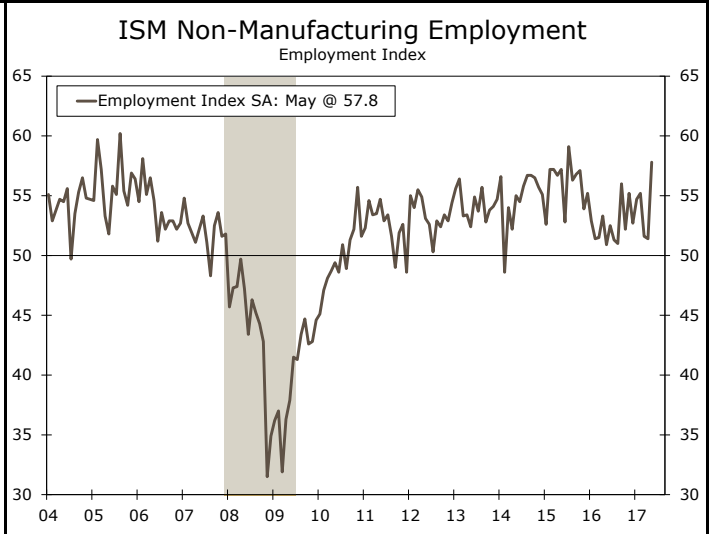
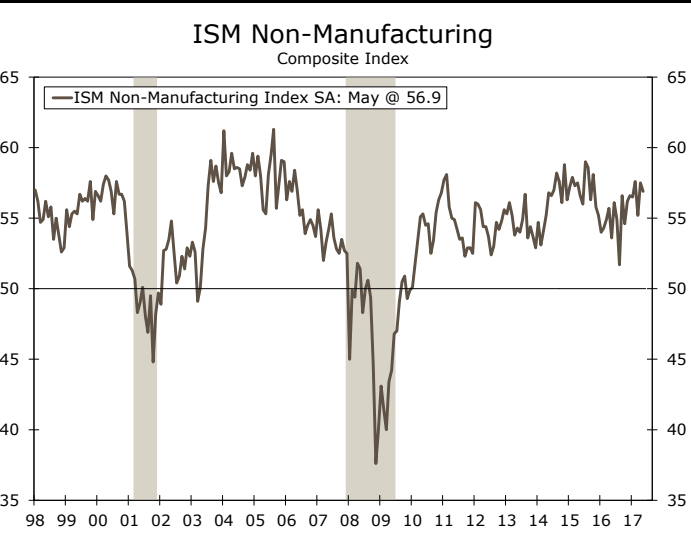
Economics Group

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ISM Non-Manufacturing Activity Softens in May

The ISM non-manufacturing composite index slipped 0.6 points to 56.9 in May, as the sector continues to expand but at a slower pace. The prices paid index dropped significantly while the employment index jumped.

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| <p>Service Sector Activity Settles into Moderate Growth</p> <ul style="list-style-type: none"> • The headline ISM non-manufacturing index slipped more than expected to a reading of 56.9, which is still elevated relative to last year and indicates a solid pace of expansion. • New orders slipped 5.5 points from its high reached in April to 57.7 in May. New orders from overseas were more balanced in May. Export orders increased or remained flat for all respondents in April, while 5 percent reported declines in May. | <p>Employment Bounces Back</p> <ul style="list-style-type: none"> • The employment measure surprised to the upside in May, gaining 6.4 points to 57.8—its highest level since July 2015. The strong print runs somewhat counter to Friday’s jobs report which saw private services hiring soften for many sectors. • The sharp drop in the prices paid index may garner some attention from the Fed. The measure declined 8.4 points, which was the first decline in over a year and suggests contraction. |
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Source: Institute for Supply Management and Wells Fargo Securities

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