



Economics Group

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ISM Non-Manufacturing Rises to Cycle High

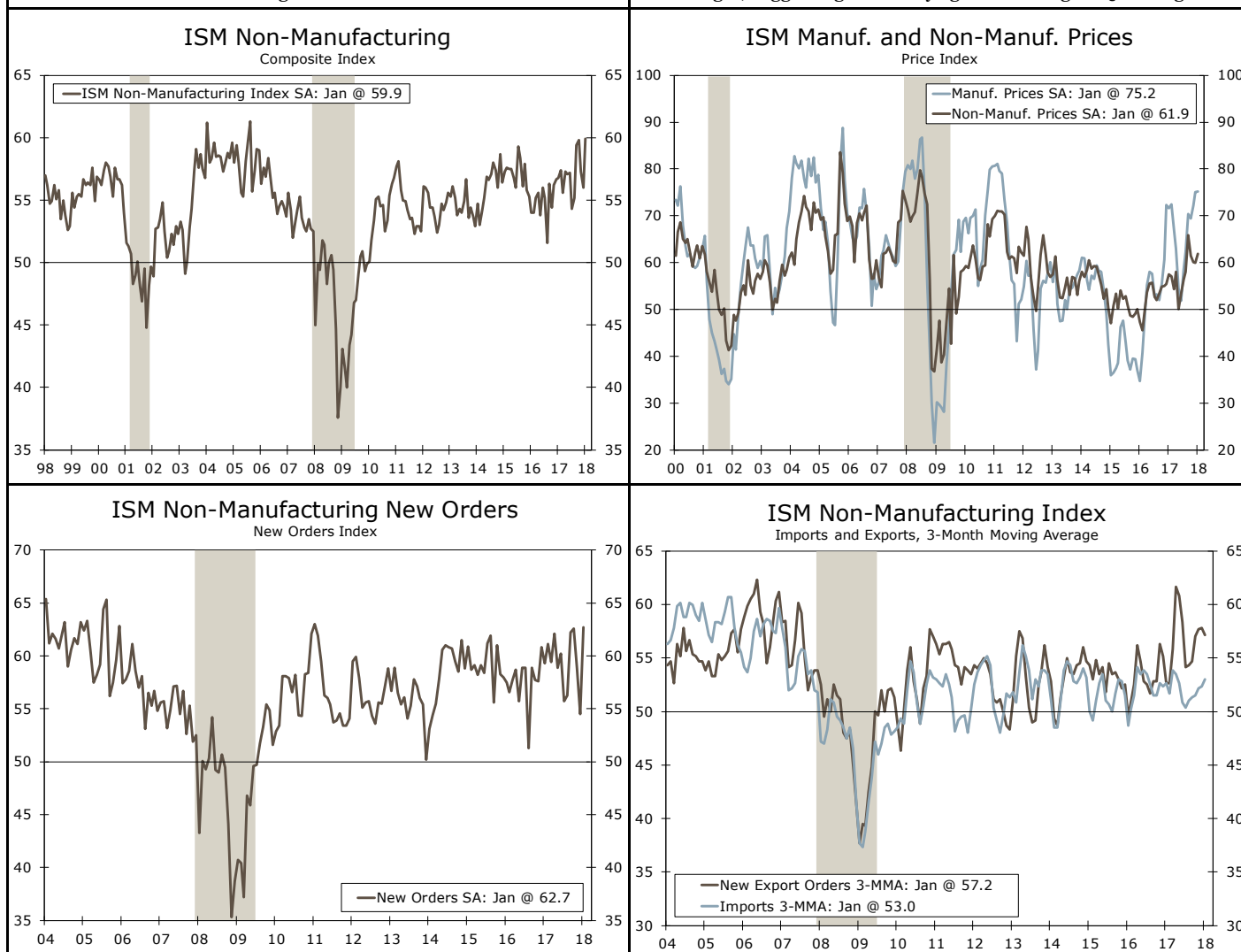
The ISM non-manufacturing index rose 3.9 points to 59.9, its highest reading of the cycle. The new orders index was the main driver of the recovery from December, when there was a slight lull in service sector activity.

Activity Firms to Hit a Cycle High in January

- After cooling in December, the ISM non-manufacturing index rose to a new cycle high of 59.9 in January. The index had already posted a decade-high this fall following hurricane-related distortions, but the January reading appears to be the result of overall firming in the sector.
- New orders gained 8.2 points to a reading of 62.7 as more firms saw an increase in bookings.

Price Pressure Picking Up

- Services firms saw increasing prices in 15 of the 18 reporting industries. That echoes reports from the factory sector in January. While one month does not make a trend, we will watch these closely during the next few months to see if a trend takes hold.
- Export and import activity has perked up, with both indices above their 6-month averages in January. The rise in imports is stronger, suggesting trade may again be a drag on Q1 GDP growth.



Source: Institute for Supply Management and Wells Fargo Securities

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