



# Economics Group

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## ISM Non-Manufacturing Stays Red Hot in November

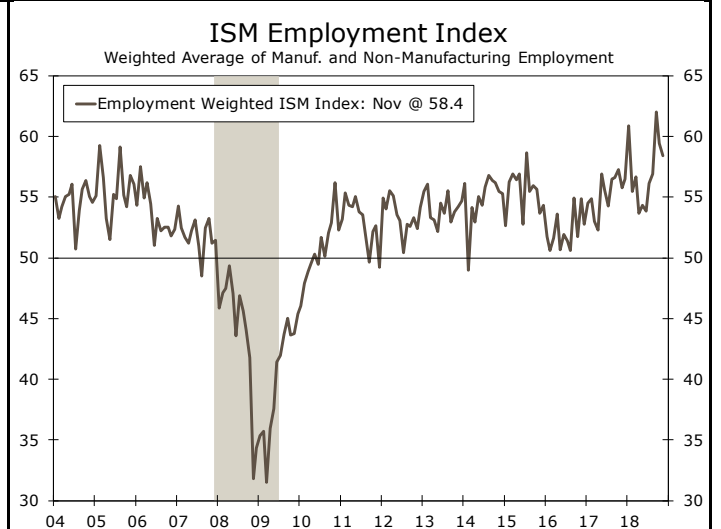
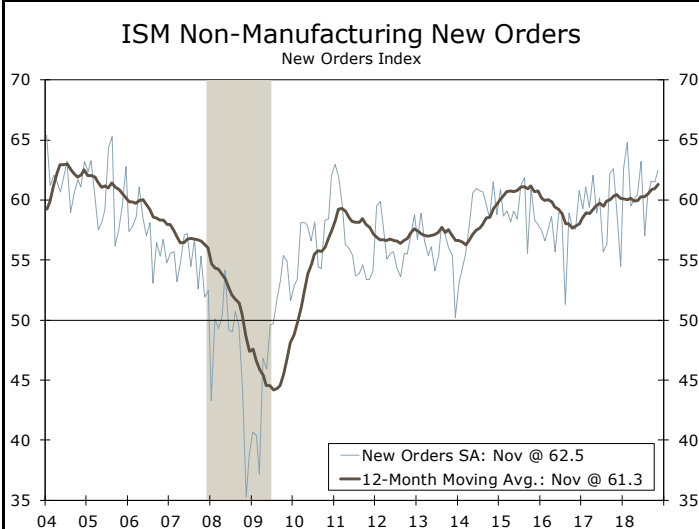
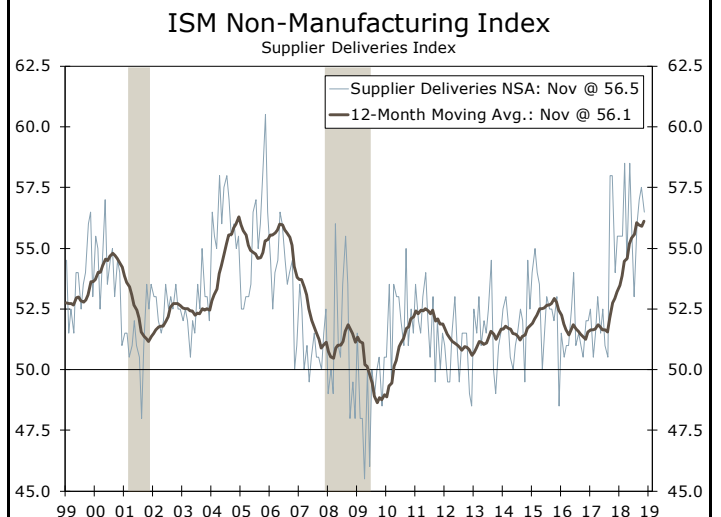
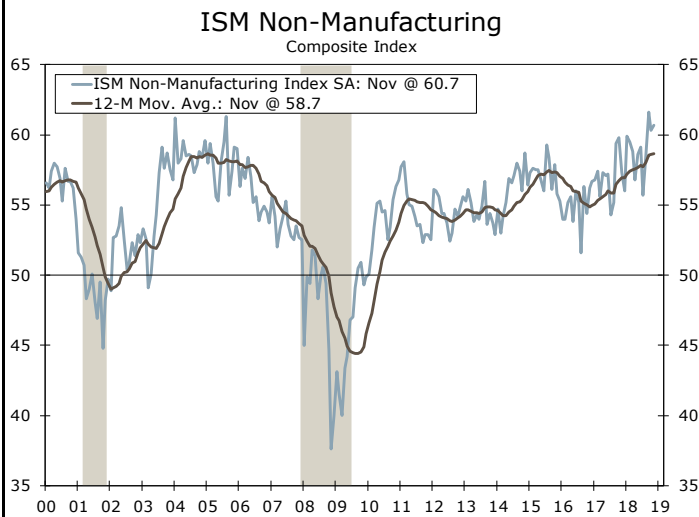
*The ISM non-manufacturing index remained hot, rising to 60.7 in November from 60.3 in October. Comments from survey respondents signaled that trade issues and finding qualified labor were the key challenges.*

### U.S. Service Sector in Good Shape in Q4

- The ISM non-manufacturing rose to 60.7 in November, beating consensus expectations of a decline to 59.0. This was the third consecutive reading above 60, the first time this has occurred in the 21 year history of the survey.
- Among the headline's sub-components, business activity erased October's drop and returned to September's 65.2 reading, while new orders and backlog of orders also climbed on the month.

### Employment Gains Slowing but Still Solid

- The employment index was one of the few disappointments in the report. The employment component fell 1.3 points in November and is now down four points from September. At 58.4, however, it is still consistent with a solid gain in payrolls tomorrow.
- Anecdotal evidence from survey respondents suggests that the tariffs are having a wide-ranging impact across industries, such as rising input costs and pulling forward inventory deliveries.



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