



Economics Group

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ISM Non-Manufacturing Index Weakens but Remains High

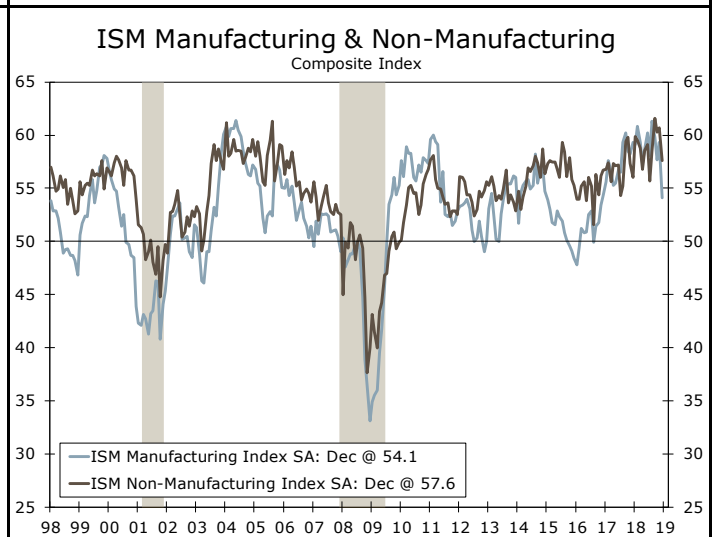
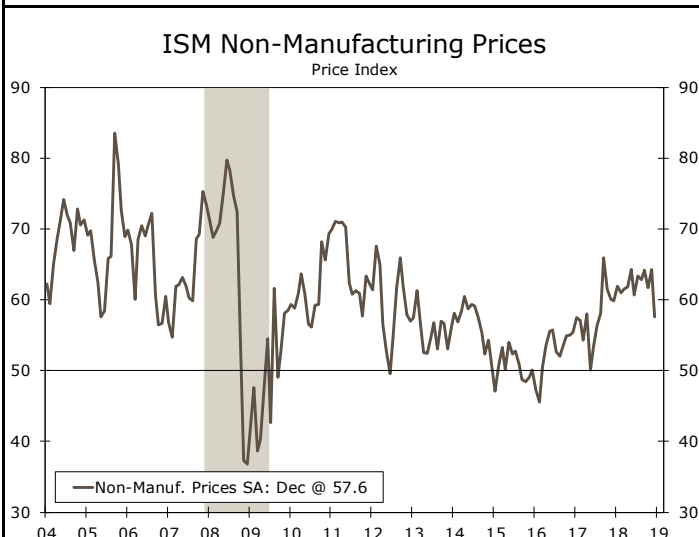
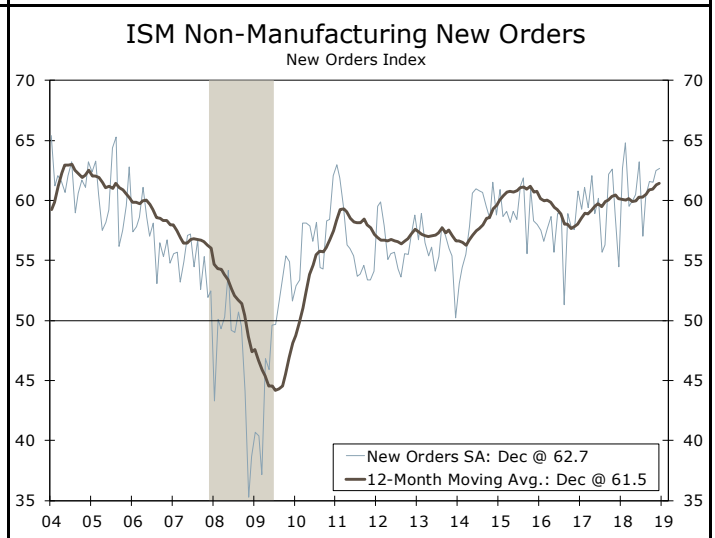
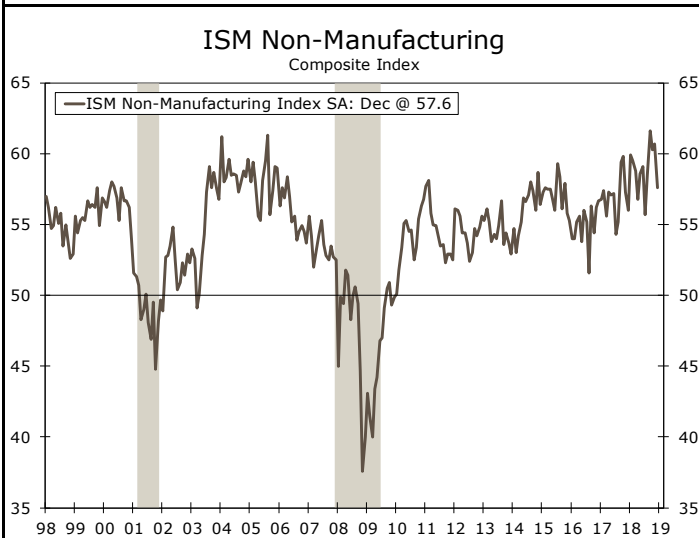
The non-manufacturing index did not weaken as much as the manufacturing index, which suggests that the overall economy continues to expand at a solid rate.

Service Sector not as Weak as Factory Sector

- The overall index fell from 60.7 in November to a still-high 57.6 in December. December's reading was a bit softer than expected, but it did not exhibit the same falloff as the ISM manufacturing index did in December.
- The prices paid component receded to an 18-month low of 57.6, which indicates that inflationary pressures may be subsiding somewhat.

Orders in Service Sector Holding up Well

- Unlike the manufacturing index, where new orders fell off sharply, the new orders component in the non-manufacturing index edged up to a six-month high of 62.7.
- The data release indicates that the service sector continues to expand at a solid rate, which comes as a relief after the weaker-than-expected manufacturing index last week. Trade wars tend to have less effect on the service sector than on the factory sector.



Source: Institute for Supply Management and Wells Fargo Securities

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