



## Economics Group

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# The ISM Non-Manufacturing Index Bounces Back in February

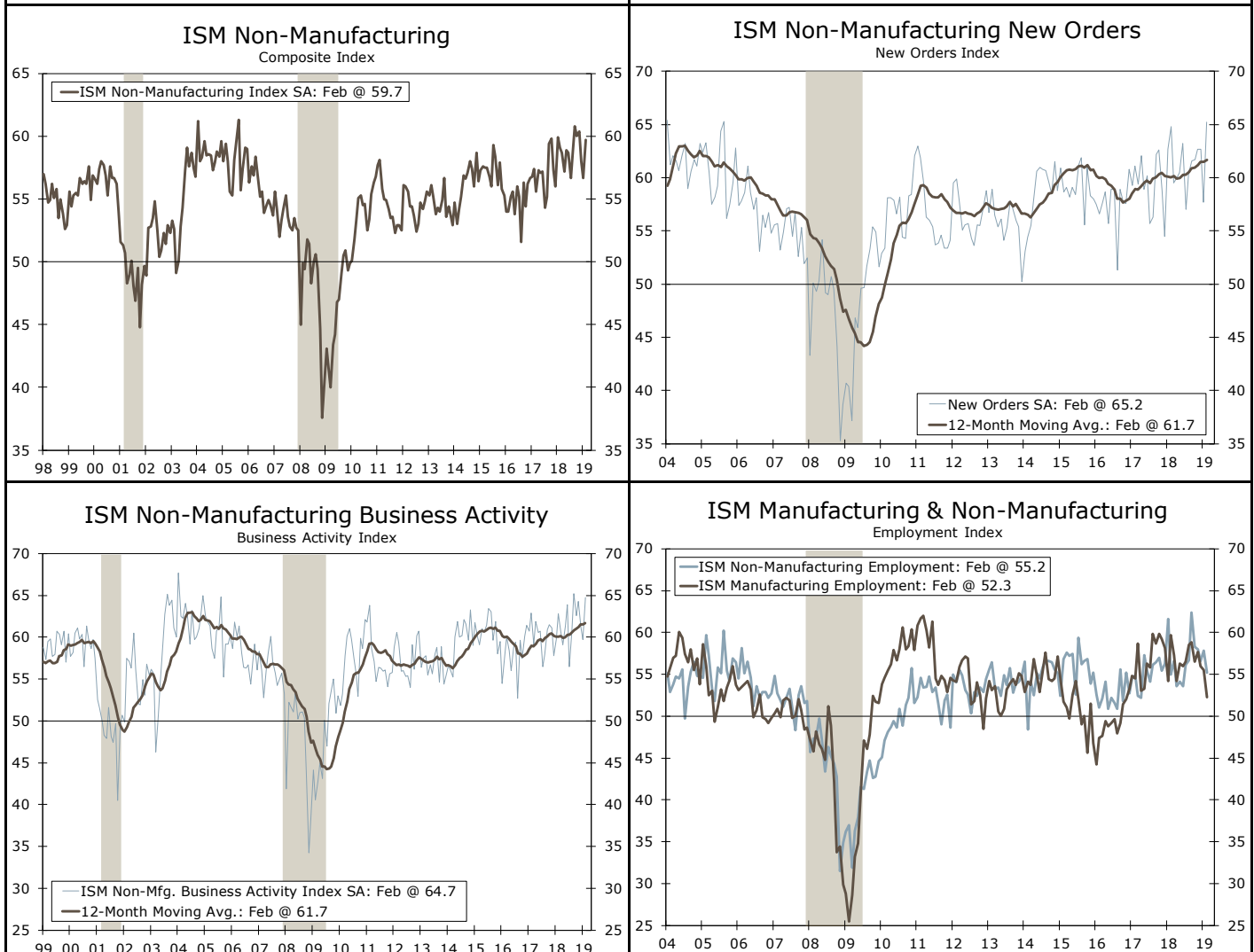
*After slipping in January, the ISM non-manufacturing index rebounded three points to 59.2 in February. The stronger-than-expected reading suggests that the service sector continues to expand at a solid rate.*

### Services Bounce Back

- At 59.2, the non-manufacturing index suggests the service sector has regained its footing after the government shutdown weighed on respondents' assessments of conditions in January.
- The service sector continues to expand at a solid rate, with both the business activity index (64.7) and the new orders index (65.2) rising to fresh cycle highs in February. The strength in new orders implies momentum in the service sector.

### Hiring Still on Pace

- The employment index fell to 55.2, which suggests a still-solid pace of hiring and is consistent with our expectation for a marked increase in nonfarm payrolls in February.
- Survey respondents' comments were largely positive, although some voiced concerns over the fate of the trade outcome on business activity. We anticipate a moderation in global growth will keep the index in the mid-50 range this year.



Source: Institute for Supply Management and Wells Fargo Securities

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