



Economics Group

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Out of Sync: Another Soft ISM Print Despite Solid Job Report

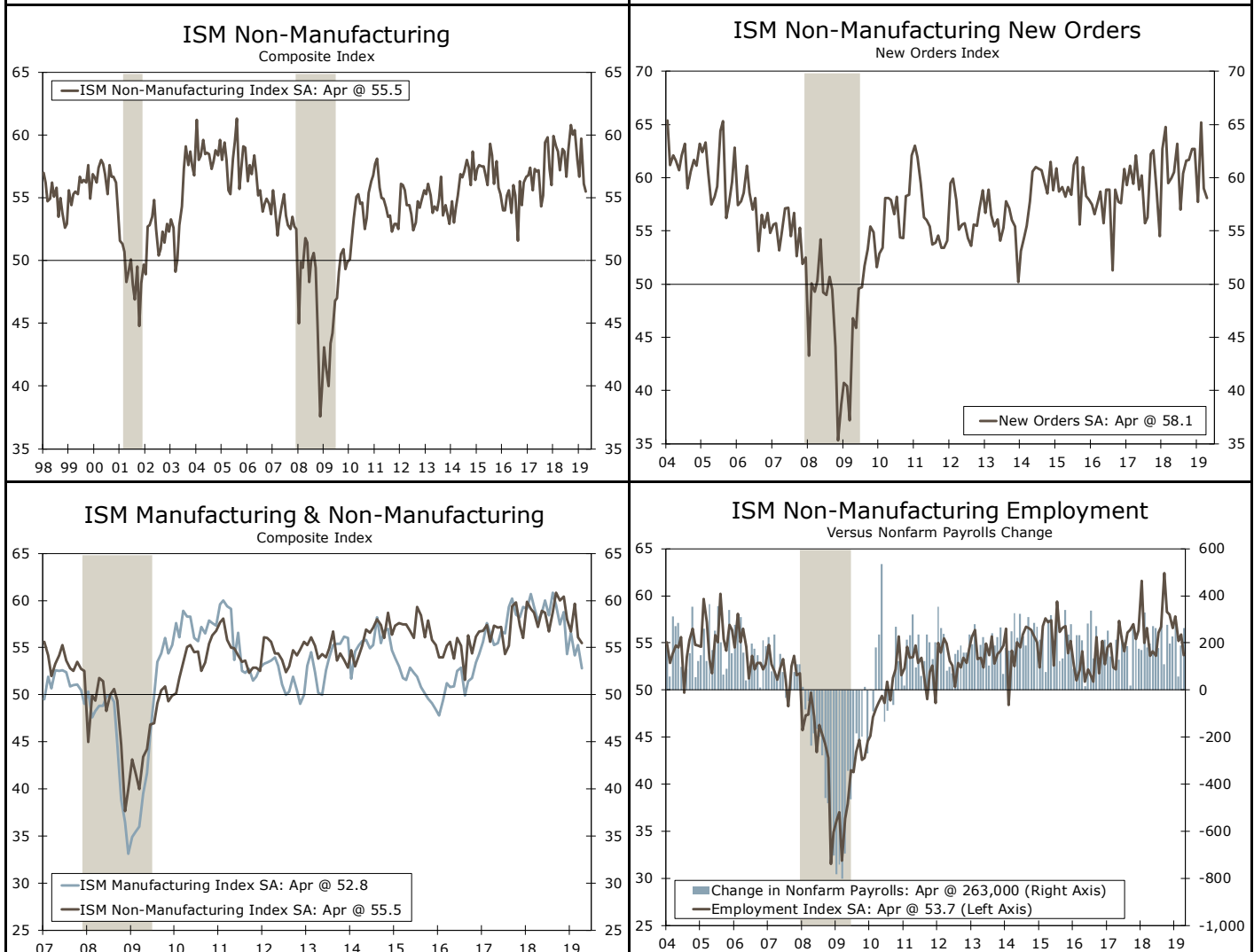
Expansion in the services sector slowed in April according to the latest ISM non-manufacturing index, which fell for a second straight month to 55.5, the lowest number for this key gauge since August 2017.

Curiously Out of Step

- Any number above 50 still signals expansion, but things have certainly cooled off since the non-manufacturing ISM hit a 13-year high of 60.8 back in September.
- Taken together with Wednesday's report that the manufacturing ISM slipped to more than a 2-year low of 52.8, survey data indicate a slowing that is curiously out of step with the solid jobs report & firmer consumer spending reported earlier this week.

Take Today's Jobs Report with a Grain of Salt?

- Most sub-components of the index fell, with prices paid dropping 3.0 points, and both orders and order backlogs falling as well.
- In perhaps the most glaring example of variation between hard and soft data, the employment component of today's ISM non-manufacturing showed a 2.2 point decline to 2-year low of 53.7 just 90 minutes after the Labor Department reported job growth for the same month that beat even the highest published forecast.



Source: Institute for Supply Management, U.S. Department of Labor and Wells Fargo Securities

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