



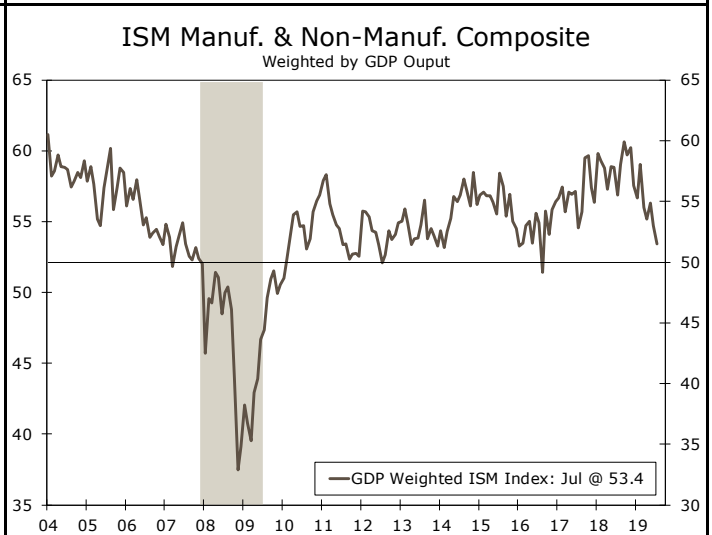
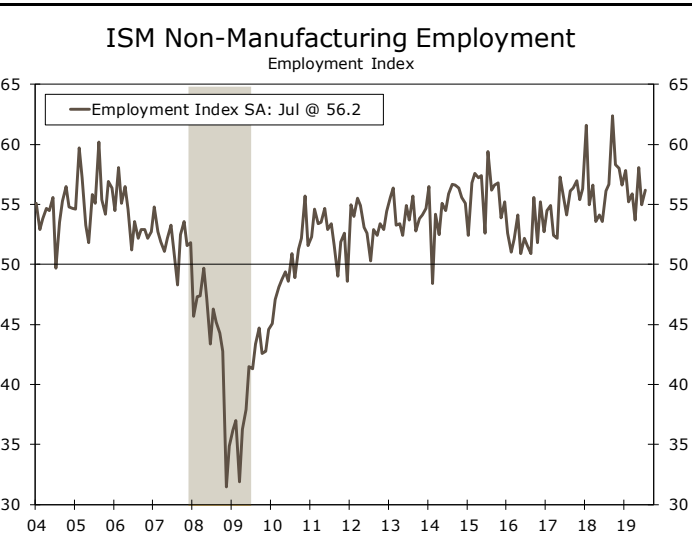
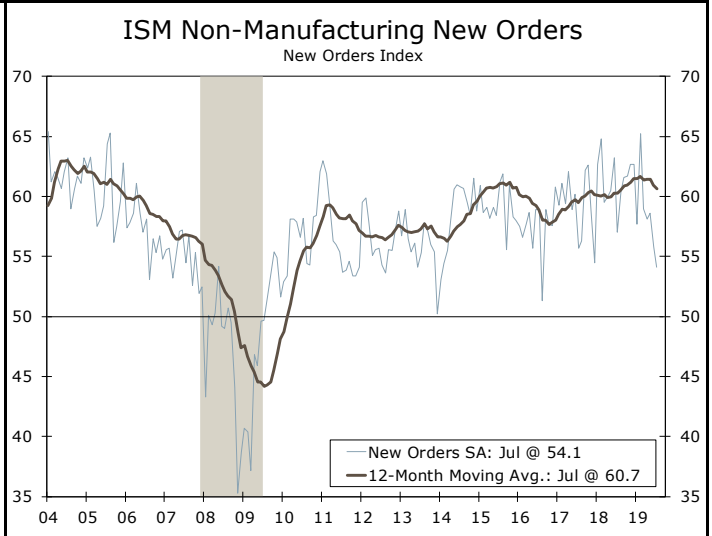
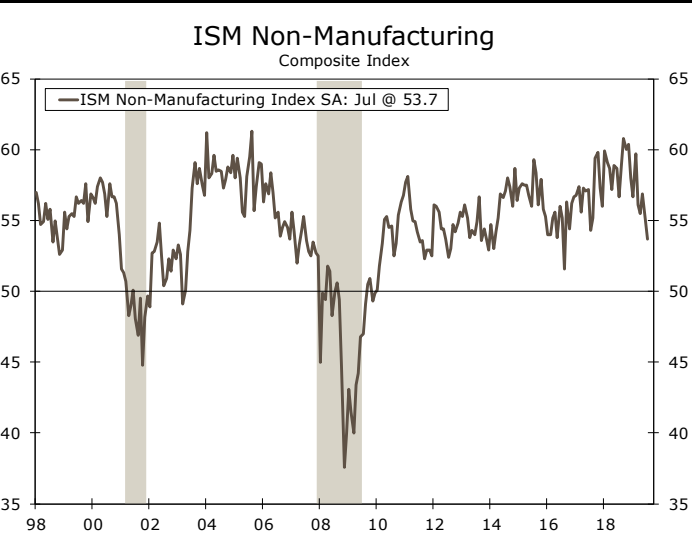
# Economics Group

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## Slowdown Spreading Beyond the Manufacturing Sector

*The ISM non-manufacturing fell to 53.7, its lowest level in nearly three years. Although still above 50, there were signs that global growth and trade headwinds are extending beyond the factory sector.*

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| <p><b>Global Trade Tensions Spilling Over</b></p> <ul style="list-style-type: none"> <li>• The ISM non-manufacturing index fell to nearly a three-year low in July as slowing global growth and trade headwinds have shown up outside the factory index. The index declined to 53.7, with agriculture, retail and wholesale trade among the industries reporting a contraction in activity.</li> <li>• Despite slowing activity, hiring picked up over the month in another sign the labor market remains strong.</li> </ul> | <p><b>New Orders Not as Weak as Recent Activity</b></p> <ul style="list-style-type: none"> <li>• Among sub-components, the sharpest drop was a 5.1-point decline in current activity to 53.1. New orders weakened more modestly, but were still down 1.7 points to 54.1. Growth in orders backlogs and exports also slowed over the month.</li> <li>• On an economy-weighted basis, the ISM indices fell to 53.4, consistent with our expectation for growth to slow in the second half of the year.</li> </ul> |
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Source: Institute for Supply Management and Wells Fargo Securities

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