



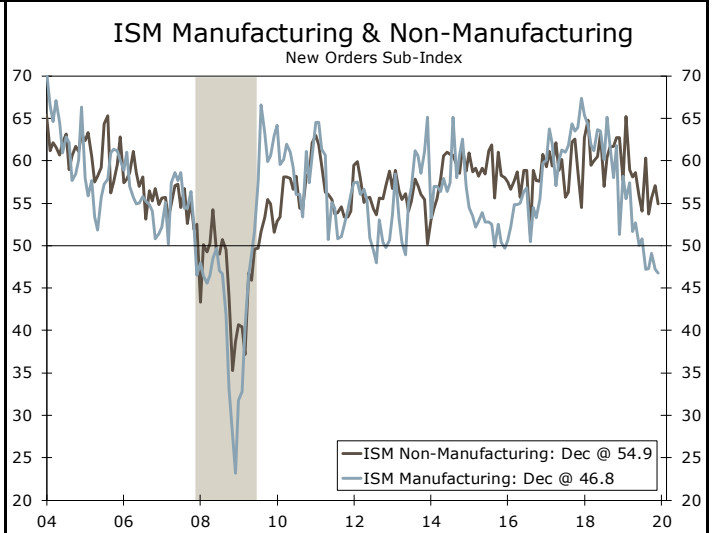
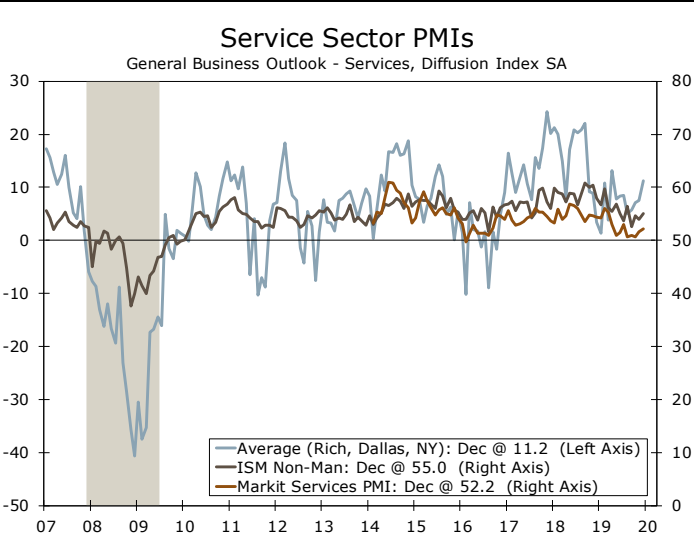
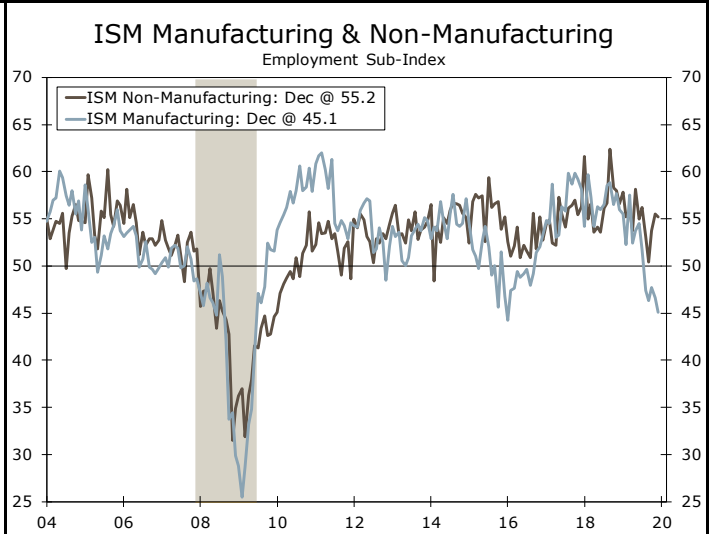
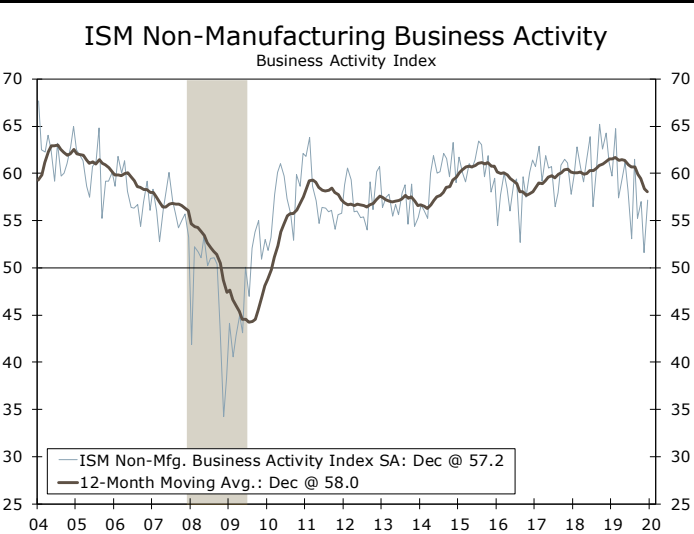
Economics Group

Sarah House, Senior Economist
sarah.house@wellsfargo.com • (704) 410-3282
Shannon Seery, Economic Analyst
shannon.seery@wellsfargo.com • (704) 410-1681

Solid Report for the ISM Non-Manufacturing Index

The ISM non-manufacturing index rose 1.1 point to 55.0 in December. This report should calm fears of weakness in the ISM manufacturing index spilling into the service sector.

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| <p>Rebound in Current Activity</p> <ul style="list-style-type: none"> • Current conditions rebounded in December as the largest gain came from the business activity sub-index, up 5.6 points. That serves as the latest indication that activity in the service sector continues to hold up as manufacturing activity has floundered. • Other purchasing manager indices—Markit and regional Fed—were consistent with the December gain in the ISM non-manufacturing index, confirming stabilization within the sector. | <p>New Orders Lower, but Growth Likely to Continue</p> <ul style="list-style-type: none"> • The employment components of the ISM surveys act as a good indication for near-term payroll gains. The non-man employment component declined modestly in December, but at 55.2 suggests a solid read for nonfarm payrolls—released Friday. • The forward-looking new orders component fell 2.2 points—the largest decline of any sub-index. New orders remain comfortably in expansion territory, suggesting continued growth in the sector. |
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Source: Institute for Supply Management, Federal Reserve Board, IHS Markit and Wells Fargo Securities

Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Acting Chief Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Macro Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Erik Nelson	Macro Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	Macro Strategist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economic Analyst	(704) 410-1681	shannon.seery@wellsfargo.com
Matthew Honnold	Economic Analyst	(704) 410-3059	matthew.honnold@wellsfargo.com
Jen Licis	Economic Analyst	(704) 410-1309	jennifer.licis@wellsfargo.com
Hop Mathews	Economic Analyst	(704) 383-5312	hop.mathews@wellsfargo.com
Coren Burton	Administrative Assistant	(704) 410-6010	coren.burton@wellsfargo.com

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