



Economics Group

Tim Quinlan, Senior Economist
tim.quinlan@wellsfargo.com • (704) 410-3283
Sarah House, Senior Economist
sarah.house@wellsfargo.com • (704) 410-3282

Somehow Service Sector Still on Its Feet

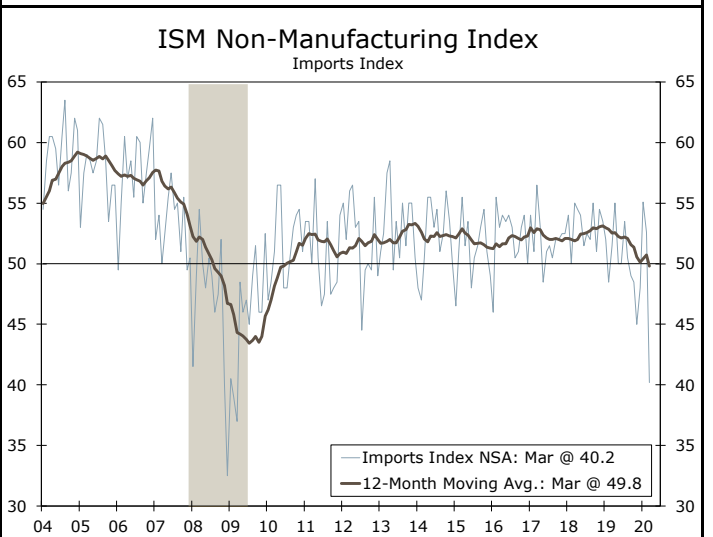
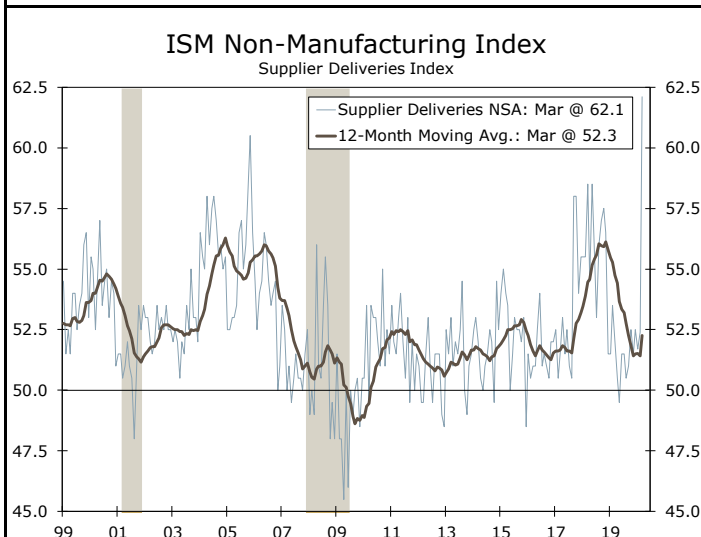
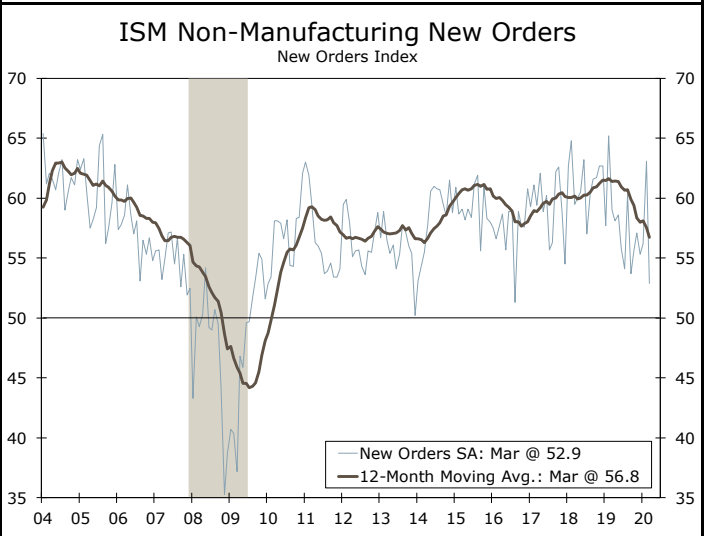
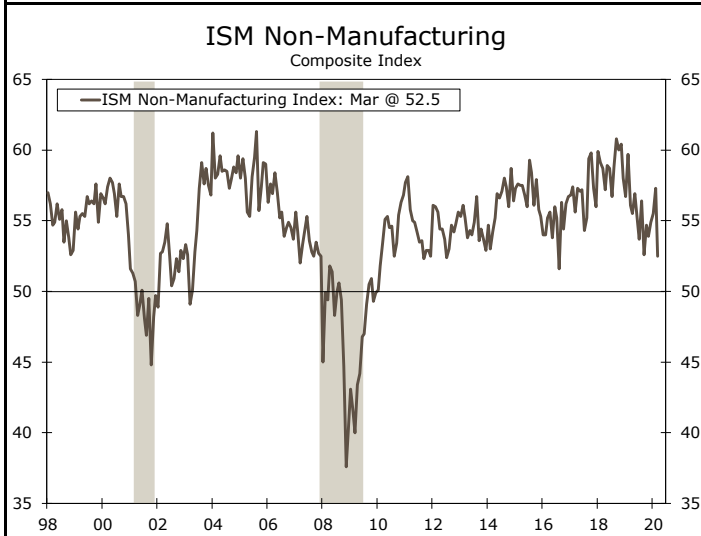
As was the case with the manufacturing survey earlier this week, the ISM non-manufacturing index got a boost from delayed deliveries, but business activity at 48.0 is a less-bad fall than many feared.

Businesses Can't Get Their Hands on Stuff They Need

- The ISM non-manufacturing index came in at 52.5 defying widespread expectations for this measure to crater in the face of the COVID-19 shutdown in service sector activity. The consensus call was nearly 10 points lower at 43.0.
- Part of the beat had to do with supplier deliveries. The longer the wait-time the higher this goes, as that is usually a sign of brisk business though now it reflects supply chain problems.

Orders Still Up, Inventories and Imports both Fall

- Remarkably new orders at 52.9 are still rising for non-manufacturing firms though that component did fall more than 10 points since February. Order backlogs are in expansion as well, even moving up slightly from February, though this too is apt to reflect supply chain disruption rather than a demand surge.
- Imports and inventories both cratered during the month. In fact both measures fell 12.4 points to tie for the biggest decline.



Source: Institute for Supply Management 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
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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