

## Economics Group

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## As Long as Virus Rebound Is Out, Bottom Is in for Services ISM

*The ISM non-manufacturing index rose 3.6 points to 45.4 in May. The details of this report suggest the economy was 'less-bad' in May than in April, though it is still likely a long-road to recovery.*

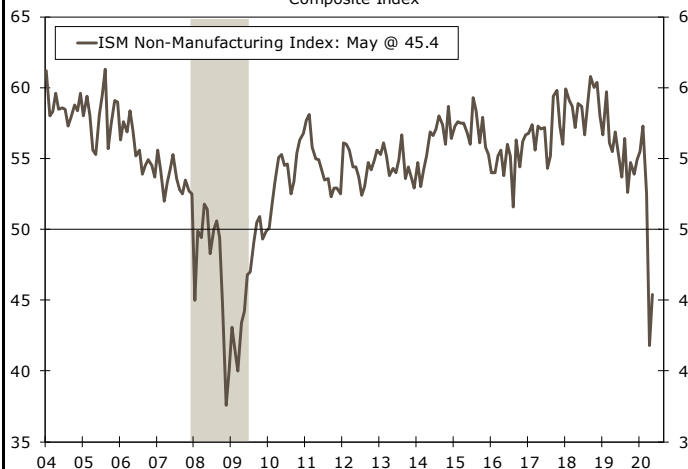
### Less-Bad

- The headline index is still at a level consistent with contraction, but with many non-essential businesses starting to return in a limited capacity in May, more firms reported a pickup in activity relative to April. This rebound was most evident in the 15.0 point jump in the business activity component, from a record low 26.0 in April. New orders also rose 9.0 points to 41.9, suggesting April was likely the bottom, provided no renewed virus outbreak.

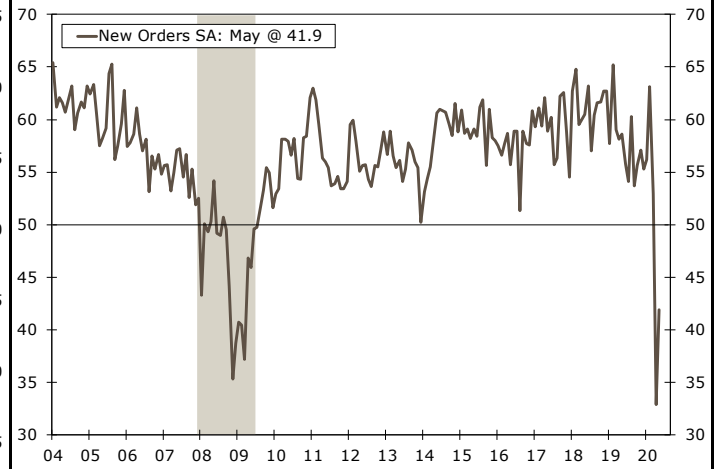
### Still Ways to Go

- Nearly all major subcomponents improved in May, with the exception of supplier deliveries, which fell 11.3 points. But, at 67.0 in May, the supplier deliveries component still demonstrates difficulty getting inputs. Employment increased only modestly, and continues to suggest a grim outlook for services jobs. While activity restarts amid a pick-up in services demand, a complete rebound in the services sector may be slower to gain momentum.

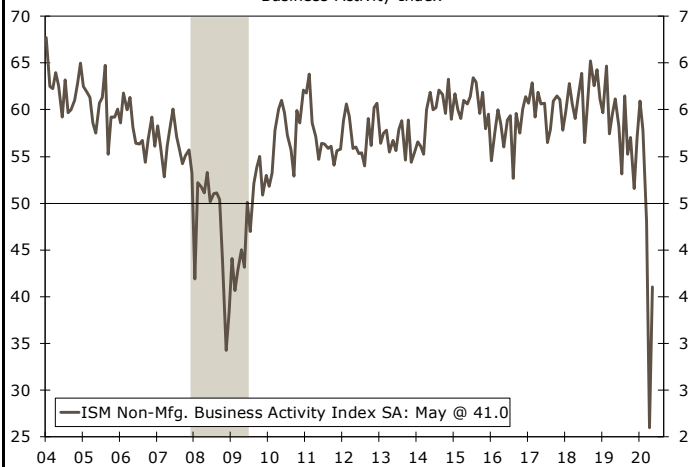
ISM Non-Manufacturing  
Composite Index



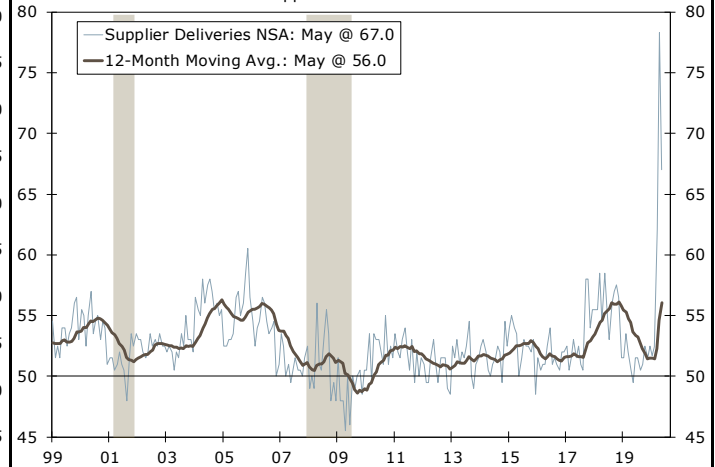
ISM Non-Manufacturing New Orders  
New Orders Index



ISM Non-Manufacturing Index  
Business Activity Index



ISM Non-Manufacturing Index  
Supplier Deliveries Index



Source: Institute for Supply Management and Wells Fargo Securities

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