

## Economics Group

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### ISM Non-Manufacturing Cools in July But Growth Still Solid

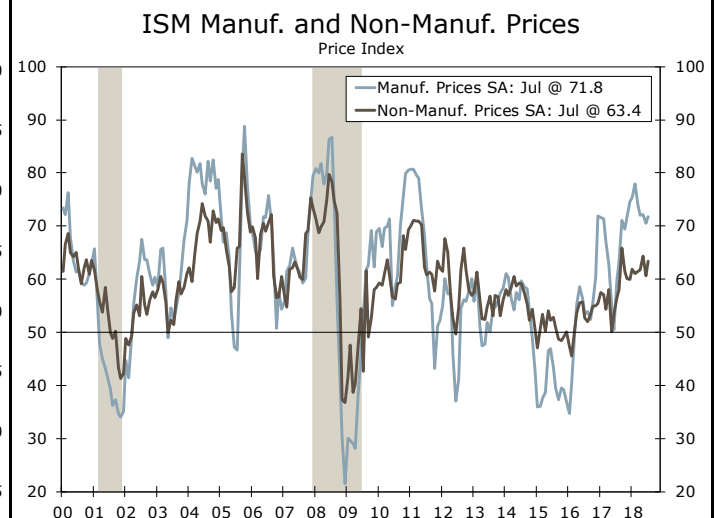
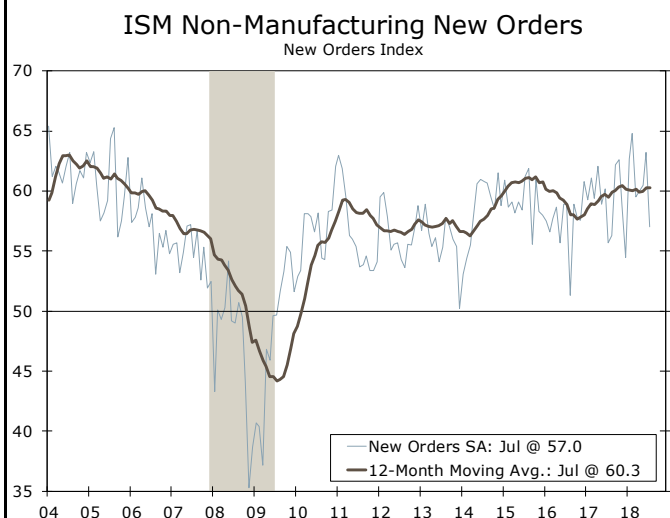
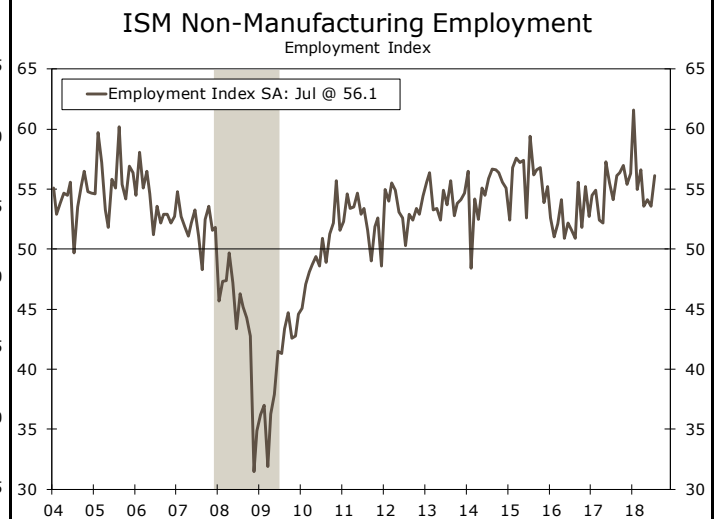
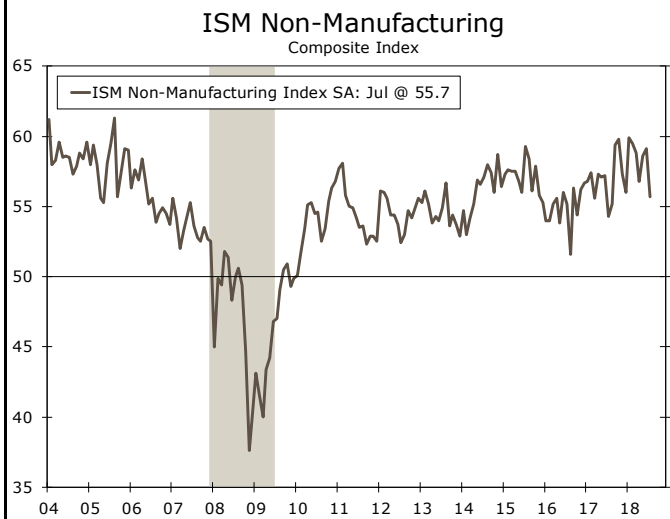
*The ISM non-manufacturing index signaled broad activity slowed in July, but that the economy continues to expand at a decent pace. Price growth is strengthening, and it is not just manufacturers concerned with tariffs.*

#### Growth Eases

- Like its manufacturing counterpart, the ISM non-manufacturing index indicated activity cooled in July. The index slipped more than three points but, at 55.7, remains well within expansion territory. Comments continued to sound a fairly upbeat tone that suggests growth remains solid. That said, current production, new orders, supplier delivery times and order backlogs all eased over the month.

#### Hiring Up But So Are Costs

- Employment was one of the few sub-indices to improve in July. While that looks inconsistent with the slowdown in hiring reported earlier today in the employment report, the index has generally weakened since the spring.
- Costs picked up and remain a hotbed issue. Tariff-related price concerns extend beyond the factory sector, with comments from the public administration, mining, retail and wholesale sectors.



Source: Institute for Supply Management and Wells Fargo Securities

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