



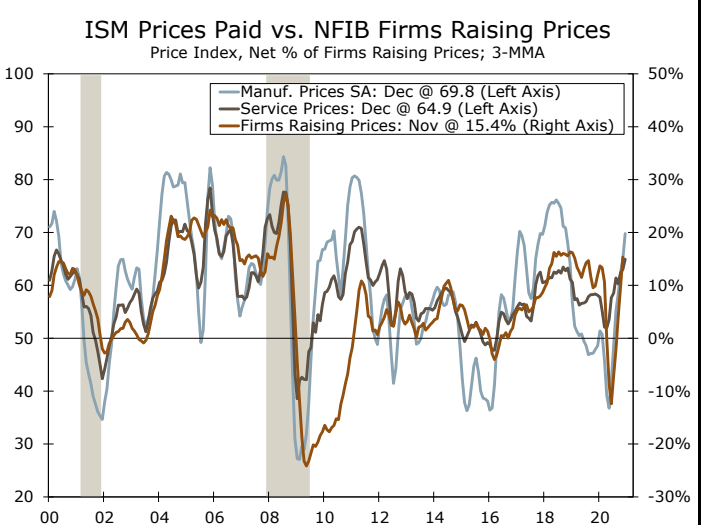
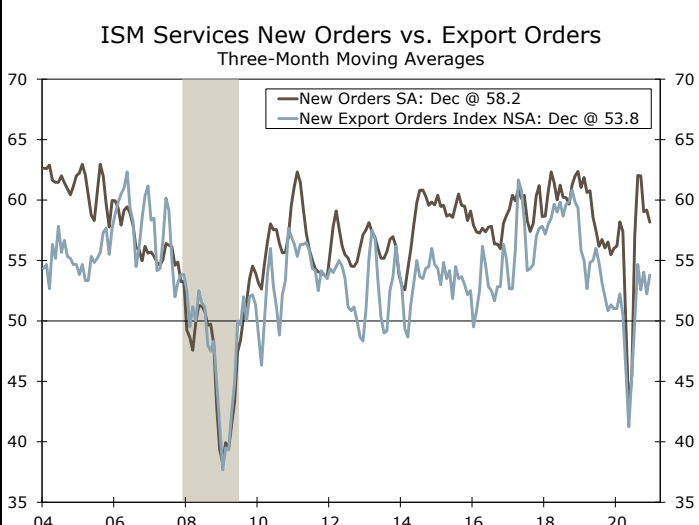
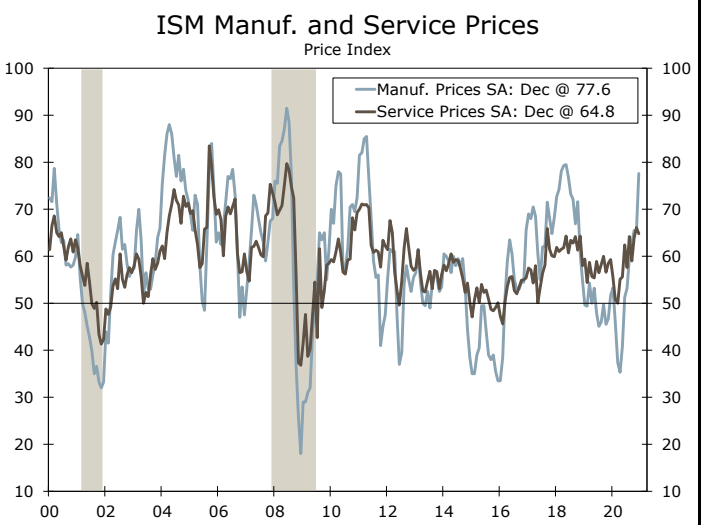
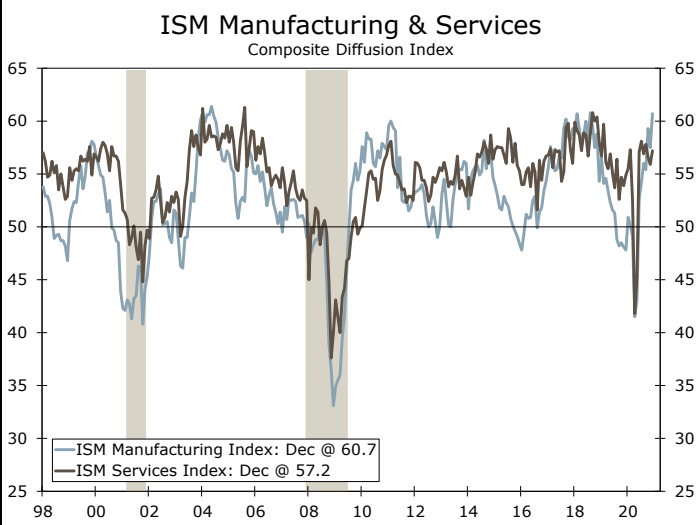
Economics Group

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Rebound Not Limited to Manufacturing as Services ISM Rises

The service sector is rebounding faster as evidenced by the unexpected rise in the services ISM to 57.2. The biggest jump in subcomponents was exports, a good sign for the beat-down service export sector.

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| <p>Activity Resuming in Service Sector Despite Outbreaks</p> <ul style="list-style-type: none"> • The service sector ISM came in at 57.2 in December, not quite as strong as the 60.7 print for the manufacturing counterpart earlier this week, but stronger than expected. • Separately this morning, U.S. service exports rose slightly in November, but as a whole service exports are still off 23.6% from its pre-pandemic peak. New export orders came in at 57.3 in December suggesting further recovery for trade. | <p>Rising Costs Means Rising Prices</p> <ul style="list-style-type: none"> • Among the subcomponents, prices-paid remains the highest at 64.8, though admittedly that is off the boil from 66.1 in November. • The indication of rising prices is consistent with the increase in other price indicators. In the ISM Manufacturing survey, the prices paid measure jumped more than 10 points to 77.6, and the November NFIB survey showed more small business raising prices than at any time in the past decade. |
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Source: Institute of Supply Management, National Federation of Independent Business and Wells Fargo Securities

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