



Economics Group

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September ISM Non-Manufacturing is Stronger Than Expected

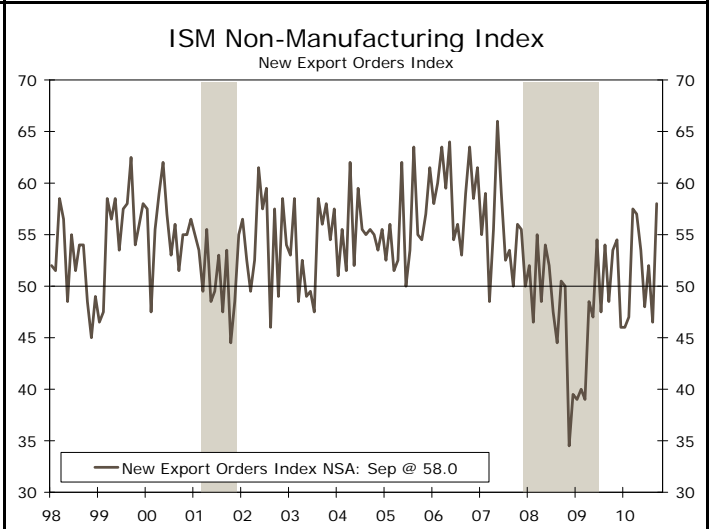
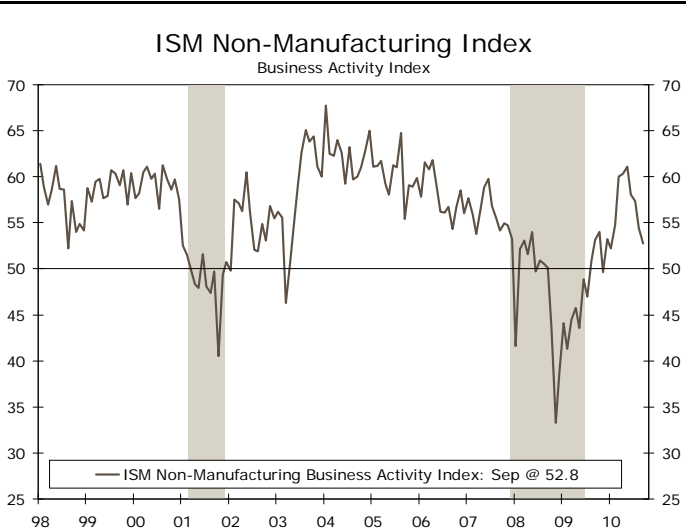
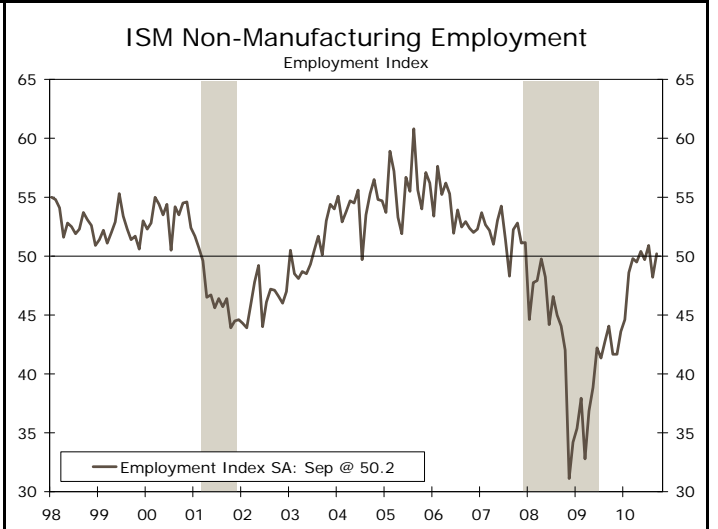
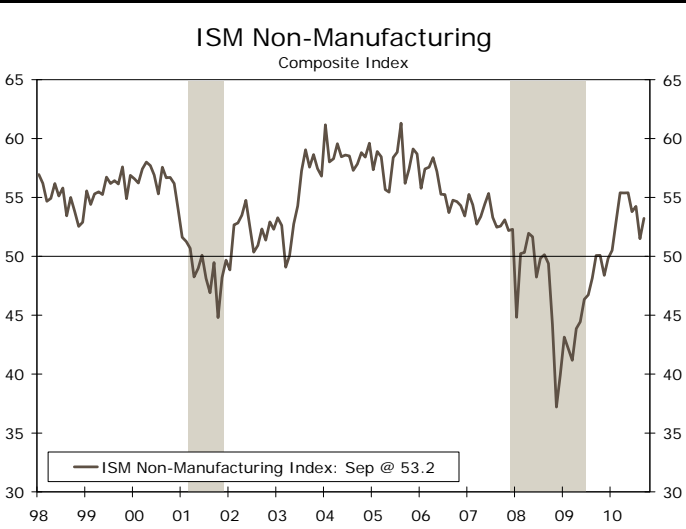
The ISM Non-Manufacturing index came in at 53.2, which was better than expected. The increase is consistent with an economic recovery, but we continue to see slow growth in the second half of the year.

Headline Increases Slightly

- The Index increased 1.7 points in September due to increases in new orders, supplier deliveries and employment. The new orders component increased to 54.9, which suggests gains in coming months. Other sub-indices that do not factor into the headline remained in expansionary territory with the exception of inventories and backlog orders. The contraction in inventories is in line with the wind down of the inventory cycle.

Employment in Expansionary Territory

- The employment component of the survey rose to 50.2 and is back in expansionary territory. The increase suggests we will likely see a stronger private sector employment figure this Friday. Accelerating private sector employment growth is critical to a self-sustaining economic recovery.
- Both exports and imports were in expansionary territory with exports outpacing imports. This could be positive for GDP.



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