



Economics Group

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ISM Non-Manufacturing Signals Slower Growth Ahead

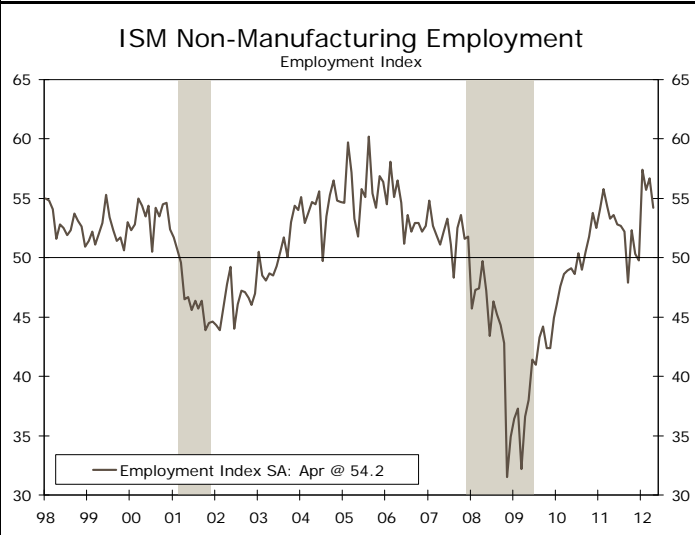
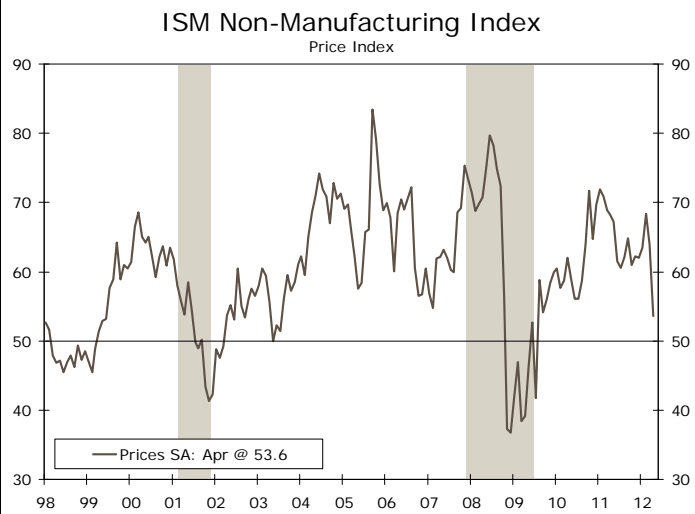
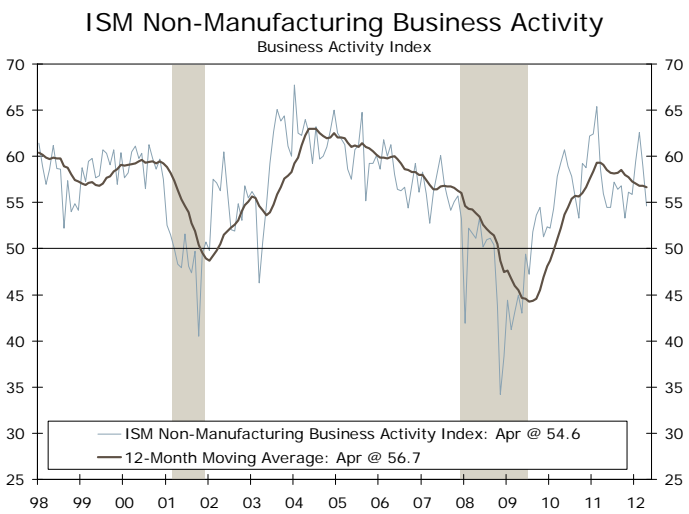
April ISM non-manufacturing fell to 53.5 from 56.0 in March, with dips in employment, orders and business activity. A big plus was the sharp decline in the prices index—still rising, but at a more modest pace.

Slower Growth in the Service Sector

- Business activity gains moderated in April, with 14 sectors signaling growth, including retail, construction, finance and transportation. Growth is still the story—just at a more modest pace.
- New orders also showed expansion at a more subdued pace. Orders improved in 12 industries, and so we get a picture that the expansion is broad, but moderating.

Employment and Prices: The Good and Not So Good

- The good news was more moderate growth in prices paid—up 53.6 compared to a much stronger price gain of 63.9 in March. Fourteen industries reported price increases, so price gains are broad, yet moderating, which is a good sign.
- The not so good news was slower growth in employment. Twelve industries reported gains in April, including retail, construction and real estate—a positive for the housing recovery.



Source: Institute for Supply Management and Wells Fargo Securities, LLC

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